

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 2096

H.P. 1464

House of Representatives, March 30, 1999

An Act Requiring Timely Reimbursement of Health Insurance Claims.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative SHIELDS of Auburn.
Cosponsored by Senator MITCHELL of Penobscot and
Representatives: BRAGDON of Bangor, KANE of Saco, MAYO of Bath, NUTTING of
Oakland, PERRY of Bangor.

Be it enacted by the People of the State of Maine as follows:

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Sec. 1. 24 MRS §2333 is enacted to read:

§2333. Reimbursement of health insurance claims

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Clean health insurance claim" includes, but is not limited to, a claim that is submitted on an insurer's standard claim form and does not require additional information for processing.

B. "Health insurance carrier" means a nonprofit hospital and medical service organization licensed pursuant to this Title; an insurance company licensed pursuant to Title 24-A; a health maintenance organization regulated under Title 24-A, chapter 56; a preferred provider organization regulated pursuant to Title 24-A, chapter 32; a multiple-employer welfare arrangement regulated pursuant to Title 24-A, chapter 81; or a 3rd-party administrator of health benefit plans licensed pursuant to Title 24-A, chapter 18.

2. Timely reimbursement required. A health insurance carrier shall reimburse any insured or medical care provider for a clean health insurance claim within 14 days of claim submission when the claim is filed electronically and within 30 days when the claim is submitted on paper.

A. A health insurance carrier that does not reimburse a claim within the appropriate time limit shall pay 1 1/2% interest per month, accruing from the day after payment was due on the amount of the claim that remains unpaid.

B. Where there is a good faith dispute regarding the legitimacy of a claim or the appropriate amount of reimbursement, notice that a dispute exists and the basis for that dispute must be furnished by the health insurance carrier to the insured or medical care provider upon receipt of the claim and that notice suspends the time limit established in this subsection for a 30-day period.

3. Penalty. If the superintendent finds, after notice and hearing, that a health insurance carrier has violated this section, the superintendent may impose a civil penalty against the health insurance carrier of no more than \$500 per day for each day a claim remains unpaid, with a maximum penalty for each

2 claim of \$5,000 assessed from the date after the date payment was
3 due. The superintendent may not impose a penalty for nonpayment
4 or partial payment of a disputed claim for which notice has been
5 furnished under subsection 2, paragraph B.

6 Sec. 2. 24-A MRSA §2188 is enacted to read:

8 **§2188. Reimbursement of health insurance claims**

10 **1. Definitions.** As used in this section, unless the
11 context otherwise indicates, the following terms have the
12 following meanings.

14 A. "Clean health insurance claim" includes, but is not
15 limited to, a claim that is submitted on an insurer's
16 standard claim form and does not require additional
17 information for processing.

18 B. "Health insurance carrier" means a nonprofit hospital
19 and medical service organization licensed pursuant to Title
20 24; an insurance company licensed pursuant to this Title; a
21 health maintenance organization regulated under chapter 56;
22 a preferred provider organization licensed pursuant to
23 chapter 32; a multiple-employer welfare arrangement
24 regulated pursuant to chapter 81; or a 3rd-party
25 administrator of health benefit plans licensed pursuant to
26 chapter 18.

28 **2. Timely reimbursement required.** A health insurance
29 carrier shall reimburse any insured or medical care provider for
30 a clean health insurance claim within 14 days of claim submission
31 when the claim is filed electronically and within 30 days when
32 the claim is submitted on paper.

34 A. A health insurance carrier that does not reimburse a
35 claim within the appropriate time limit shall pay 1 1/2%
36 interest per month, accruing from the day after payment was
37 due on the amount of the claim that remains unpaid.

38 B. Where there is a good faith dispute regarding the
39 legitimacy of a claim or the appropriate amount of
40 reimbursement, notice that a dispute exists and the basis
41 for that dispute must be furnished by the health insurance
42 carrier to the insured or medical care provider upon receipt
43 of the claim and that notice suspends the time limit
44 established in this subsection for a 30-day period.

45 **3. Penalty.** If the superintendent finds, after notice and
46 hearing, that a health insurance carrier has violated this
47 section, the superintendent may impose a civil penalty against
48 the carrier.

2 the health insurance carrier of no more than \$500 per day for
4 each day a claim remains unpaid, with a maximum penalty for each
6 claim of \$5,000 assessed from the date after the date payment was
8 due and the basis for that dispute. The superintendent may not
10 impose a penalty for nonpayment or partial payment of a disputed
12 claim for which notice has been furnished under subsection 2,
14 paragraph B.

SUMMARY

12 This bill requires health insurers, including managed care
14 companies, to pay provider claims on a timely basis or be subject
to interest and penalties.