

HCS HB 1498 -- PAYMENT OF HEALTH INSURANCE CLAIMS

This bill changes the laws regarding the payment of health insurance claims. In its main provisions, the bill:

(1) Requires health insurance carriers, including third-party contractors, to send an electronic acknowledgment of the date of receipt within 48 hours after an electronically filed health care claim is received;

(2) Increases the period of time, from within 10 working days to within 30 processing days, that a carrier has to send an electronic or facsimile notice of the status of a health care claim that notifies the claimant whether the filed claim has any reason which will prevent timely payment or if more information is required. If the claim is properly filed, the carrier must pay or deny the claim;

(3) Requires a carrier to notify the health care provider, electronically or by fax, within 10 processing days, instead of the current 15 days, upon receiving the requested additional information from the provider to pay the claim, deny all or part of the claim specifying the reason, or make a final request for additional information. If the provider submits the additional information, the carrier must pay or deny the claim within five processing days, instead of the current 15 days, of receiving the additional information;

(4) Requires a carrier to pay a penalty equal to 1% of the total claim amount per day on unpaid claims if it has not paid a claimant within 45 processing days of receiving the claim;

(5) Allows a carrier to combine interest payments on unpaid claims and make payment when the total amount reaches \$100 instead of the current \$5. A claim that was properly denied prior to the forty-fifth processing day will not be subject to interest or penalties;

(6) Repeals the current penalty imposed on carriers that do not take the required action within 40 processing days;

(7) Specifies that a claim for which a carrier has not communicated a specific reason for the denial of payment cannot be considered denied; and

(8) Changes the requirements a carrier must follow when requesting the documentation and additional information that is necessary to process all of a claim or all of a claim on a multi-claim form.

The bill becomes effective January 1, 2011.