

SCS SB 636 -- PAYMENT OF HEALTH INSURANCE CLAIMS

SPONSOR: Lembke (Jones, 89)

COMMITTEE ACTION: Voted "do pass" by the Committee on Health Care Policy by a vote of 12 to 0.

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

(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 or third-party contractor 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) Adds a penalty equal to 1% of the total claim amount per day on unpaid claims if a carrier has not paid a claimant within 45 processing days of receiving the claim;

(5) Increases the amount at which a carrier can combine interest and payments on unpaid claims from \$5 to \$100. Claims that were 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.

The substitute becomes effective January 1, 2011.

FISCAL NOTE: Estimated Income on General Revenue Fund of Unknown less than \$30,579 in FY 2011, Unknown less than \$36,710 in FY 2012, and Unknown less than \$36,710 in FY 2013. No impact on Other State Funds in FY 2011, FY 2012, and FY 2013.

PROPOSERS: Supporters say that the bill is similar to House Bill 1498 and removes a loop hole that allows health insurance claims to not be promptly processed.

Testifying for the bill were Senator Lembke; Missouri State Medical Association; Nancy Seelen, St. Lukes Health System; Missouri State Orthopedic Association; Department of Insurance, Financial Institutions and Professional Registration; Missouri Hospital Association; Missouri Ambulance Association; BJC Healthcare; and Missouri Psychiatric Society.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say there is a circular reference in the bill that could be a potential error and cause confusion with the implementation of the bill's provisions.

Testifying on the bill was United Healthcare Services, Incorporated.