

HOUSE No. 905

By Mr. Fresolo of Worcester, a petition (accompanied by bill, House, No. 905) of John P. Fresolo and Joyce A. Spiliotis relative to the electronic submission of health insurance claims. Financial Services.

The Commonwealth of Massachusetts

PRESENTED BY:

John P. Fresolo

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to the electronic submission of claims.

PETITION OF:

NAME:

John P. Fresolo

Joyce A. Spiliotis

DISTRICT/ADDRESS:

16th Worcester

12th Essex

The Commonwealth of Massachusetts

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In the Year Two Thousand and Nine
—————

AN ACT RELATIVE TO THE ELECTRONIC SUBMISSION OF CLAIMS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 108 of Chapter 175 of the General Laws, as appearing in the Official Edition, is
2 hereby amended by striking out subsection 4(c) and inserting in place thereof the following:

3 4(c). Within fifteen days after an insurer's receipt of notice of claim by a claimant or provider under a policy of
4 accident and sickness insurance which is delivered or issued for delivery in the commonwealth, and which provides
5 hospital expense, medical expense, surgical expense or dental expense insurance, the insurer shall furnish such
6 forms as are usually furnished by it for filing proofs of loss. Within forty-five days from said receipt of notice if
7 payment is not made the insurer shall notify the claimant in writing specifying the reasons for the nonpayment or
8 whatever further documentation is necessary for payment of said claim within the terms of the policy. If the insurer
9 fails to comply with the provisions of this paragraph, said insurer shall pay, in addition to any benefits which inure
10 to such claimant or provider, interest on such benefits, which shall accrue beginning forty-five days after the
11 insurer's receipt of notice of claim at the rate of one and one-half percent per month, not to exceed eighteen percent
12 per year. The provisions of this paragraph relating to interest payments shall not apply to a claim which an insurer is
13 investigating because of suspected fraud. Beginning on January 1, 2006, the provisions of this paragraph shall only
14 apply to claims for reimbursement submitted electronically.

15 SECTION 2. Section 110 of Chapter 175 of the General Laws, as appearing in the Official Edition, is hereby
16 amended by striking out subsection (G) and inserting in place thereof the following:

17 (G) For purposes of this section the term "notice of a claim" shall mean any notification whether in writing or
18 otherwise, to an insurer or its authorized agent, by any person, firm, association, or corporation asserting right to
19 payment under a policy of insurance which reasonably apprises the insurer of the existence of a claim.

20 Within fifteen days after an insurer's receipt of notice of claim by a claimant under a general or blanket policy of
21 accident and sickness insurance which is delivered or issued for delivery in the commonwealth, and which provides
22 hospital expense, medical expense, surgical expense or dental expense insurance, the insurer shall furnish such
23 forms as are usually furnished by it for filing proofs of loss. Within forty-five days from said receipt of notice if
24 payment is not made the insurer shall notify the claimant in writing specifying the reasons for the nonpayment or
25 whatever further documentation is necessary for payment of said claim within the terms of the policy. If the insurer
26 fails to comply with the provisions of this paragraph, said insurer shall pay, in addition to any benefits which inure

27 to such claimant or provider, interest on such benefits, which shall accrue beginning forty-five days after the
28 insurer's receipt of notice of claim at the rate of one and one-half percent per month, not to exceed eighteen percent
29 per year. The provisions of this paragraph relating to interest payments shall not apply to a claim which an insurer is
30 investigating because of suspected fraud. Beginning on January 1, 2008, the provisions of this paragraph shall only
31 apply to claims for reimbursement submitted electronically.

32 SECTION 3. Chapter 176G of the General Laws, as appearing in the Official Edition, is hereby amended by striking
33 out section 6 and inserting in place thereof the following:

34 Section 6. A health maintenance organization may enter into contractual arrangements with any other person or
35 company for the provision, to the health maintenance organization, of health services, insurance, reinsurance and
36 administrative, marketing, underwriting or other services on a nondiscriminatory basis. A health maintenance
37 organization shall not refuse to contract with or compensate for covered services an otherwise eligible provider
38 solely because such provider has in good faith communicated with one or more of his current, former or prospective
39 patients regarding the provisions, terms or requirements of the organization's products as they relate to the needs of
40 such provider's patients.

41 No contract between a participating provider of health care services and a health maintenance organization shall be
42 issued or delivered in the commonwealth unless it contains a provision requiring that within 45 days after the receipt
43 by the organization of completed forms for reimbursement to the provider of health care services, the health
44 maintenance organization shall (i) make payments for such services provided, (ii) notify the provider in writing of
45 the reason or reasons for nonpayment, or (iii) notify the provider in writing of what additional information or
46 documentation is necessary to complete said forms for such reimbursement. If the health maintenance organization
47 fails to comply with this paragraph for any claims related to the provision of health care services, said health
48 maintenance organization shall pay, in addition to any reimbursement for health care services provided, interest on
49 such benefits, which shall accrue beginning 45 days after the health maintenance organization's receipt of request for
50 reimbursement at the rate of 1.5 per cent per month, not to exceed 18 per cent per year. The provisions of this
51 paragraph relating to interest payments shall not apply to a claim that the health maintenance organization is
52 investigating because of suspected fraud. Beginning on January 1, 2008, the provisions of this paragraph shall only
53 apply to claims for reimbursement submitted electronically.

54 SECTION 4. Chapter 176I of the General Laws, as appearing in the Official Edition, is hereby amended by striking
55 section 2 and inserting in place thereof the following:

56 Section 2. An organization may enter into a preferred provider arrangement with one or more health care providers
57 upon a determination by the commissioner that the organization and the arrangement comply with the requirements
58 of this chapter and the regulations hereunder. An organization shall not condition its willingness to allow any health
59 care provider to participate in a preferred provider arrangement on such health care provider's agreeing to enter into
60 other contracts or arrangements with the organization that are not part of or related to such preferred provider
61 arrangements. An organization shall not refuse to contract with or compensate for covered services an otherwise
62 eligible participating or nonparticipating provider solely because such provider has in good faith communicated with
63 one or more of his current, former or prospective patients regarding the provisions, terms or requirements of the
64 organization's products as they relate to the needs of such provider's patients.

65 An organization shall submit information concerning any proposed preferred provider arrangements to the
66 commissioner for approval in accordance with regulations promulgated by the commissioner. Said regulations shall
67 comply with the applicable provisions of chapter thirty A of the General Laws. Said information shall include at
68 least the following: (a) a description of the health services and any other benefits to which the covered person is
69 entitled; (b) a description of the locations where and the manner in which health services and other benefits may
70 be obtained; (c) a copy of the evidence of coverage; (d) copies of any contracts with preferred providers; (e) a
71 description of the rating methodology and rates. The arrangement shall meet the following standards:

72 (a) Standards for maintaining quality health care, including satisfying any quality assurance regulations promulgated
73 by any state agency;

74 (b) Standards for controlling health care costs;

- 75 (c) Standards for assuring reasonable levels of access of health care services and an adequate number and
76 geographical distribution of preferred providers to render those services;
- 77 (d) Standards for assuring appropriate utilization of health care service; and
- 78 (e) Other standards deemed appropriate by the commissioner.

79 No organization may enter into a preferred provider arrangement with one or more health care providers unless said
80 written arrangement contains a provision requiring that within 45 days after the receipt by the organization of
81 completed forms for reimbursement to the health care provider, the organization shall (i) make payments for the
82 provision of such services, (ii) notify the provider in writing of the reason or reasons for nonpayment, or (iii) notify
83 the provider in writing of what additional information or documentation is necessary to complete said forms for such
84 reimbursement. If the organization fails to comply with the provisions of this paragraph for any claims related to the
85 provision of health care services, said organization shall pay, in addition to any reimbursement for health care
86 services provided, interest on such benefits, which shall accrue beginning 45 days after the organization's receipt of
87 request for reimbursement at the rate of 1.5 per cent per month, not to exceed 18 per cent per year. The provisions of
88 this paragraph relating to interest payments shall not apply to a claim that the organization is investigating because
89 of suspected fraud. Beginning on January 1, 2008, the provisions of this paragraph shall only apply to claims for
90 reimbursement submitted electronically.