

By Mr. Moore, a petition (accompanied by bill, Senate, No. 601) of Richard T. Moore, Bruce E. Tarr, Joyce A. Spiliotis, Shirley Gomes and other members of the General Court for legislation to ensure timely payment of claims. Financial Services.

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**The Commonwealth of Massachusetts**

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In the Year Two Thousand and Five.  
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AN ACT TO ENSURE TIMELY PAYMENT 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. Subsection 4(c) of section 108 of chapter 175 of  
2 the General Laws, as appearing in the 2004 official edition, is  
3 hereby amended by striking the provision in its entirety.

1 SECTION 2. Subsection (G) of section 110 of chapter 175 of  
2 the General Laws, as so appearing, is hereby amended by striking  
3 the provision in its entirety.

1 SECTION 3. Subsection (e) of section eight of chapter 176A,  
2 of the General Laws, as so appearing, is hereby amended by  
3 striking the provision in its entirety.

1 SECTION 4. Section 7 of chapter 176B of the General Laws, as  
2 so appearing, is hereby amended by striking the second, third and  
3 fourth sentence in the second paragraph in its entirety.

1 SECTION 5. Section 6 of chapter 176G of the General Laws,  
2 as amended by section 20 of chapter 141 of the acts of 2000, is  
3 hereby further amended by striking the second paragraph in its  
4 entirety.

1 SECTION 6. Section 2 of chapter 176I of the General Laws, as  
2 amended by section 24 of chapter 141 of the acts of 2000, is  
3 hereby further amended by striking the third full paragraph in its  
4 entirety.

1 SECTION 7. Chapter 176O of the General Laws, as so  
2 appearing, is hereby amended by adding after section 10 the  
3 following section:—

4 Section 10A. Timely Payment of Claims

5 (a) No later than 15 calendar days after the date on which a car-  
6 rier has received a claim that is submitted electronically, or no  
7 later than 30 calendar days after the date on which a carrier has  
8 received a claim that is submitted on paper from a provider of  
9 health care services, the carrier shall: (1) pay the total amount of  
10 the claim, or any undisputed portion thereof, in accordance with  
11 the contracted fee agreed to by the provider and the carrier,  
12 (2) notify the provider in writing of all the reason or reasons for  
13 nonpayment of the claim or any unpaid portion, and (3) notify the  
14 provider in writing of what additional information or documenta-  
15 tion is necessary to complete the claim form and receive payment  
16 for the claim or any unpaid portion thereof. All claims that are  
17 resubmitted by providers to a carrier shall be processed and paid  
18 by the carrier based on the timelines included in this subsec-  
19 tion (a).

20 (b) Any carrier subject to the provisions of this section that  
21 fails to comply with subsection (a) for any claim or portion of a  
22 claim related to the provision of health services shall pay all  
23 unpaid portions of the claim, and any underpayment resulting  
24 from such carrier's payment at a rate or fee below the contracted  
25 rate or fee agreed to by the provider and such carrier, together  
26 with interest on any unpaid or underpaid amount, which interest  
27 shall accrue beginning 30 calendar days after the carrier's receipt  
28 of the claim form at the rate of 1.5 percent per month, not to  
29 exceed 18 percent per year. The provisions of this subsection  
30 relating to interest payments shall not apply to a claim that the  
31 carrier is in good faith investigating because of suspected fraud.

32 (c) In addition to any other penalty or remedy authorized under  
33 any general or special law applicable to a carrier subject to the  
34 provisions of this chapter, if the commissioner finds that any such

35 carrier has engaged in a pattern of non-compliance with this  
36 section, the commissioner shall subject such carrier to an adminis-  
37 trative penalty of no less than \$10,000 per day until said carrier  
38 has demonstrated that it has taken corrective action and has  
39 resolved the pattern of non-compliance.

40 (d) A carrier shall disclose to a contracted provider of health  
41 care services, at said provider's request, all information that is  
42 necessary for such provider to determine whether it has been com-  
43 pensated according to the terms of its contract with the carrier.  
44 Such disclosure shall include, but not be limited to, all applicable  
45 billing policies, procedures and guidelines used in paying claims  
46 for covered services; fee schedules applicable to the provider con-  
47 tract; and a clear explanation of all methodologies and rules that  
48 will be used by the carrier to pay claims, including payment rules  
49 used to combine multiple codes or reduce codes in procedures  
50 commonly referred to as "bundling" and "downcoding" of proce-  
51 dures. Such carrier shall provide any addendum, schedule or  
52 attachment necessary to provide a reasonable understanding of the  
53 information disclosed to the contracted provider. For the purposes  
54 of this subsection, such information shall be disclosed to the con-  
55 tracted provider at the sole expense of the carrier, which may  
56 require that the provider sign a confidentiality agreement prior to  
57 the release of such information.

58 (e) A carrier shall be required to ensure that access to and cov-  
59 erage for services continue in the event that an organization that  
60 does business with or is contracted by said carrier through a  
61 carveout arrangement, so called, is no longer capable of meeting  
62 its obligations regarding access and coverage for services pro-  
63 vided to the carrier's insured. Said carrier shall be responsible to  
64 ensure that the insured has access to necessary care and said car-  
65 rier shall pay all unpaid claims at the contracted rate for covered  
66 services provided to its insured during the coverage period that  
67 said insured's premium has been paid to the carrier or the carveout  
68 arrangement. For the purposes of this subsection, a carveout  
69 arrangement shall include any arrangement by which an organiza-  
70 tion other than the insured's carrier provides access to and cov-  
71 erage for medically necessary services on behalf of said carrier  
72 either through a contract between the carveout organization and  
73 the carrier or through a contract between the carveout organiza-

74 tion and the provider of health care services. Provided further that  
75 said organization shall be required to comply with the timely pay-  
76 ment provisions of this section and shall incorporate such provi-  
77 sions in its contracts between the carrier or the provider of heath  
78 care services.

1 SECTION 8. A carrier, so called, shall include the provisions  
2 of Section 7 of this Act in any contract between the carrier and a  
3 health care provider, so called, which is entered into, renewed, or  
4 amended on or after the effective date of the Act. Nothing in said  
5 section 7 shall be construed to prohibit carriers and providers  
6 from entering into contracts that include claims payment provi-  
7 sions that meet or exceed the provisions of Section 7 of this Act.