

CHAPTER 188

(House Bill 416)

AN ACT concerning

Health Maintenance Organizations - Prompt Payment of Claims

FOR the purpose of requiring health maintenance organizations to pay provider claims within a certain time period after receipt of the claim; establishing a certain interest penalty if a claim is not paid within a certain time period; specifying the method of applying the interest penalty; providing for the application of this Act; and generally relating to the payment of claims by health maintenance organizations.

BY adding to

Article - Health - General

Section 19-712.1

Annotated Code of Maryland

(1990 Replacement Volume and 1990 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Health - General

19-712.1.

(A) FOR COVERED SERVICES RENDERED TO ITS MEMBERS, A HEALTH MAINTENANCE ORGANIZATION SHALL REIMBURSE ANY PROVIDER WITHIN 30 DAYS AFTER RECEIPT OF A CLAIM THAT IS ACCOMPANIED BY ALL REASONABLE AND NECESSARY DOCUMENTATION.

(B) (1) IF A HEALTH MAINTENANCE ORGANIZATION FAILS TO COMPLY WITH SUBSECTION (A) OF THIS SECTION, THE HEALTH MAINTENANCE ORGANIZATION SHALL PAY INTEREST BEGINNING WITH THE 31ST DAY ON THE AMOUNT OF THE CLAIM THAT REMAINS UNPAID AFTER 30 DAYS FOLLOWING THE RECEIPT OF THE CLAIM.

(2) THE INTEREST PAYABLE SHALL BE AT THE RATE OF 1.5 PERCENT PER MONTH SIMPLE INTEREST PRORATED FOR ANY PORTION OF A MONTH.

(3) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, WHEN PAYING A CLAIM MORE THAN 30 DAYS AFTER ITS RECEIPT, THE HEALTH MAINTENANCE ORGANIZATION SHALL ADD THE INTEREST PAYABLE TO THE AMOUNT OF THE UNPAID CLAIM WITHOUT THE NECESSITY FOR ANY CLAIM FOR THAT INTEREST TO BE MADE BY THE PROVIDER FILING THE ORIGINAL CLAIM.

(C) THE PROVISIONS OF THIS SECTION DO NOT APPLY TO CLAIMS