

CHAPTER 109

INSURANCE

SENATE BILL 99-123

BY SENATOR Teck;
also REPRESENTATIVES Lee, McElhany, and Tate.

AN ACT

CONCERNING THE PAYMENT OF INSURANCE CLAIMS TO THIRD PERSONS HOLDING ASSIGNMENTS FROM INSUREDS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 10-4-708.4 (2), Colorado Revised Statutes, is amended to read:

10-4-708.4. Assignment of payment for covered benefits. (2) When a licensed hospital or other licensed health care provider receives an assignment from an insured, it is the responsibility of the provider to bill the insurer ~~including a copy of the assignment~~ AND NOTIFY THE INSURER THAT THE LICENSED HEALTH CARE PROVIDER HOLDS AN ASSIGNMENT ON FILE. THE INSURER SHALL HONOR THIS ASSIGNMENT THE SAME AS IF A COPY OF THE ASSIGNMENT HAD BEEN RECEIVED BY THE INSURER. ONLY UPON REQUEST OF THE INSURER SHALL THE HEALTH CARE PROVIDER BE REQUIRED TO PROVIDE A COPY OF THE ASSIGNMENT. The provider shall also provide a copy of such bill to the insured, stating on such copy that it is for informational purposes only and that the insurer has been billed for covered benefits. The provider shall also furnish to the insurer a current taxpayer identification number as part of the initial bill and each subsequent billing. Subsequent billings to an insurer need not include a copy of the assignment unless required by the insurer so long as it is clearly noted on each such subsequent billing that the benefits have been assigned. The insurer shall honor such assignment and make payment of covered benefits directly to such licensed hospital or other licensed health care provider. In the event the insurer fails to honor such assignment by making payment to the insured and the insured, upon receipt of such payment, fails to timely pay an amount equivalent to such payment to the licensed hospital or other licensed health care provider, then the insurer shall be liable for such payment directly to the licensed hospital or other licensed health care provider. It shall be the responsibility of the licensed hospital or other licensed health care provider to notify the insurer if timely

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

payment has not been received. In such case, the insurer shall make payment of covered benefits within thirty days after receipt of such notification.

SECTION 2. 10-3-1104, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

10-3-1104. Unfair methods of competition and unfair or deceptive acts or practices. (5) IT SHALL NOT BE AN UNFAIR PRACTICE IN THE BUSINESS OF INSURANCE FOR AN INSURER TO PAY AN ASSIGNEE IF THE INSURER BELIEVES IN GOOD FAITH THAT THE CLAIM IS SUBJECT TO A WRITTEN ASSIGNMENT FROM THE INSURED. THE INSURER SHALL REMAIN RESPONSIBLE TO THE INSURED FOR SUCH AMOUNTS PURSUANT TO THE APPLICABLE POLICY TERMS IN THE EVENT THE PERSON PAID DID NOT HOLD A WRITTEN ASSIGNMENT AND DID NOT PROVIDE SERVICES OR GOODS TO THE INSURED AT THE INSURED'S REQUEST.

SECTION 3. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: April 15, 1999