

CHAPTER 285

INSURANCE

HOUSE BILL 99-1250

BY REPRESENTATIVES Johnson, Bacon, Chavez, Clarke, Coleman, George, Gottlieb, Grossman, Kaufman, Keller, Kester, King, Lawrence, Leyba, Mace, Miller, Ragsdale, Sinclair, Smith, Spradley, Sullivant, Swenson, Takis, Tapia, Taylor, Tochtrop, Tool, Vigil, Williams S., Zimmerman, Alexander, Berry, Fairbank, Gordon, Hagedorn, Hoppe, Larson, May, McKay, Morrison, Plant, Tate, Tupa, and Veiga;
also SENATORS Epps, Dyer, Evans, Feeley, Hernandez, Nichol, Perlmutter, Phillips, Reeves, Rupert, Tebedo, Thiebaut, Weddig, Wham, Arnold, Congrove, Lamborn, Linkhart, Matsunaka, Musgrave, Pascoe, Powers, Tanner, and Wattenberg.

AN ACT

CONCERNING REQUIREMENTS FOR THE PROMPT PAYMENT OF HEALTH INSURANCE CLAIMS.

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

SECTION 1. Part 1 of article 16 of title 10, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

10-16-106.5. Prompt payment of claims - legislative declaration. (1) THE GENERAL ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT:

(a) PATIENTS AND HEALTH CARE PROVIDERS OFTEN DO NOT RECEIVE THE REIMBURSEMENTS TO WHICH THEY ARE ENTITLED FROM HEALTH INSURANCE ENTITIES IN A TIMELY MANNER, EVEN IN THE CASE OF CLAIMS THAT ARE SUBMITTED ON STANDARD FORMS AND DO NOT REQUIRE ADDITIONAL INFORMATION FOR PROCESSING; AND

(b) UNNECESSARY DELAYS IN THE PAYMENT OF ROUTINE AND UNCONTESTED CLAIMS FOR REIMBURSEMENT REPRESENT AN UNWARRANTED DRAIN ON HEALTH CARE PROVIDERS' RESOURCES, WHICH COULD BE BETTER SPENT ATTENDING TO THE NEEDS OF PATIENTS, AS WELL AS WASTING THE TIME AND MONEY OF THE PATIENTS THEMSELVES. THEREFORE, IT IS IN THE INTEREST OF THE CITIZENS OF COLORADO THAT REASONABLE STANDARDS BE IMPOSED FOR THE TIMELY PAYMENT OF CLAIMS.

(2) AS USED IN THIS SECTION, "CLEAN CLAIM" MEANS A CLAIM FOR PAYMENT OF HEALTH CARE EXPENSES THAT IS SUBMITTED TO A CARRIER ON THE CARRIER'S

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

STANDARD CLAIM FORM WITH ALL REQUIRED FIELDS COMPLETED WITH CORRECT AND COMPLETE INFORMATION IN ACCORDANCE WITH THE CARRIER'S PUBLISHED FILING REQUIREMENTS. "CLEAN CLAIM" DOES NOT INCLUDE A CLAIM FOR PAYMENT OF EXPENSES INCURRED DURING A PERIOD OF TIME FOR WHICH PREMIUMS ARE DELINQUENT, EXCEPT TO THE EXTENT OTHERWISE REQUIRED BY LAW.

(2.5) THIS SECTION SHALL NOT APPLY TO CLAIMS ARISING UNDER THE "COLORADO AUTO ACCIDENT REPARATIONS ACT", PART 7 OF ARTICLE 4 OF THIS TITLE.

(3) EVERY CARRIER SHALL PROVIDE A COPY OF ITS FILING REQUIREMENTS TO:

(a) EVERY ENROLLEE OR INSURED UPON ENROLLMENT IN THE CARRIER'S PLAN OR UPON ISSUANCE OF THE POLICY WHEN APPLICABLE;

(b) EVERY ENROLLEE OR INSURED, UPON REQUEST, WITHIN FIFTEEN CALENDAR DAYS;

(c) EVERY PARTICIPATING PROVIDER UPON ACCEPTANCE OF THE PROVIDER INTO THE CARRIER'S NETWORK; AND

(d) EVERY ENROLLEE, INSURED, AND PARTICIPATING PROVIDER WITHIN FIFTEEN CALENDAR DAYS AFTER ANY CHANGE IN THE STANDARD FORM OR THE ACCOMPANYING INSTRUCTIONS OR REQUIREMENTS WHEN APPLICABLE.

(4) (a) CLEAN CLAIMS SHALL BE PAID, DENIED, OR SETTLED WITHIN THIRTY CALENDAR DAYS AFTER RECEIPT BY THE CARRIER IF SUBMITTED ELECTRONICALLY AND WITHIN FORTY-FIVE CALENDAR DAYS AFTER RECEIPT BY THE CARRIER IF SUBMITTED BY ANY OTHER MEANS.

(b) IF THE RESOLUTION OF A CLAIM REQUIRES ADDITIONAL INFORMATION, THE CARRIER SHALL, WITHIN THIRTY CALENDAR DAYS AFTER RECEIPT OF THE CLAIM, GIVE THE PROVIDER, POLICYHOLDER, INSURED, OR PATIENT, AS APPROPRIATE, A FULL EXPLANATION OF WHAT ADDITIONAL INFORMATION IS NEEDED. THE PERSON RECEIVING A REQUEST FOR ADDITIONAL INFORMATION SHALL SUBMIT ALL ADDITIONAL INFORMATION REQUESTED BY THE CARRIER WITHIN THIRTY CALENDAR DAYS AFTER RECEIPT OF SUCH REQUEST. NOTWITHSTANDING ANY PROVISION OF AN INDEMNITY POLICY TO THE CONTRARY, THE CARRIER MAY DENY A CLAIM IF A PROVIDER FAILS TO TIMELY SUBMIT ADDITIONAL INFORMATION REQUESTED UNDER THIS PARAGRAPH (b).

(c) ABSENT FRAUD, ALL CLAIMS EXCEPT THOSE DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (4) SHALL BE PAID, DENIED, OR SETTLED WITHIN NINETY CALENDAR DAYS AFTER RECEIPT BY THE CARRIER.

(5) (a) A CARRIER THAT FAILS TO PAY, DENY, OR SETTLE A CLEAN CLAIM IN ACCORDANCE WITH PARAGRAPH (a) OF SUBSECTION (4) OF THIS SECTION OR TAKE OTHER REQUIRED ACTION WITHIN THE TIME PERIODS SET FORTH IN PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION SHALL BE LIABLE FOR THE COVERED BENEFIT AND, IN ADDITION, SHALL PAY TO THE INSURED OR HEALTH CARE PROVIDER, WITH PROPER ASSIGNMENT, INTEREST AT THE RATE OF TEN PERCENT ANNUALLY ON THE TOTAL AMOUNT ULTIMATELY ALLOWED ON THE CLAIM, ACCRUING FROM THE DATE PAYMENT WAS DUE PURSUANT TO SUBSECTION (4) OF THIS SECTION.

(b) A CARRIER THAT FAILS TO PAY, DENY, OR SETTLE A CLAIM IN ACCORDANCE WITH SUBSECTION (4) OF THIS SECTION WITHIN NINETY DAYS AFTER RECEIVING THE CLAIM SHALL PAY TO THE INSURED OR HEALTH CARE PROVIDER, WITH PROPER ASSIGNMENT, A PENALTY IN AN AMOUNT EQUAL TO THREE PERCENT OF THE TOTAL AMOUNT ULTIMATELY ALLOWED ON THE CLAIM. SUCH PENALTY SHALL BE DUE ON THE NINETY-FIRST DAY AFTER RECEIPT OF THE CLAIM BY THE CARRIER.

(6) THIS SECTION SHALL NOT PROHIBIT A CARRIER FROM RETROACTIVELY ADJUSTING PAYMENT OF A CLAIM IF:

(a) THE POLICYHOLDER NOTIFIES THE CARRIER OF A CHANGE IN ELIGIBILITY OF AN INDIVIDUAL; AND

(b) THE ADJUSTMENT IS MADE WITHIN THIRTY DAYS AFTER THE CARRIER'S RECEIPT OF SUCH NOTIFICATION.

SECTION 2. 10-3-1110 (2) and (3), Colorado Revised Statutes, are amended to read:

10-3-1110. Regulations. (2) The commissioner may, after notice and hearing, as provided in article 4 of title 24, C.R.S., promulgate rules and regulations with respect to the payment of benefits under group and individual contracts of ~~accident and sickness coverage and under group and individual contracts for~~ property or casualty coverage, except for property and casualty coverage provided pursuant to the "Colorado Auto Accident Reparations Act", part 7 of article 4 of this title, issued by organizations authorized to do business in this state under the provisions of ~~articles ARTICLE 4 and 8 and parts 1, 3, and 4 of article 16~~ of this title. Such rules and regulations may establish a penalty payable to the claimant on benefit payments which are delayed more than sixty days after a valid and complete filing of the claim unless there is a reasonable dispute between the parties concerning such claim. Such penalty shall not exceed twenty dollars on claims of less than one hundred dollars or interest at a rate of eight percent annually on claims above one hundred dollars. In addition to such penalties payable to the claimant, the commissioner, after notice and hearing, may assess a civil penalty against any insurer of one hundred dollars per day for each day benefit payments are delayed more than sixty days after a valid and complete filing of the claim unless there is a reasonable dispute between the parties concerning such claim.

~~(3) Payment made pursuant to a contract between a person subject to this part 11 and a provider of health care shall be deemed to satisfy the requirements of this section and the regulations promulgated under this section.~~

SECTION 3. 10-16-121 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

10-16-121. Required contract provisions in contracts between carriers and providers. (1) A contract between a carrier and a provider or its representative concerning the delivery, provision, payment, or offering of care or services covered by a managed care plan shall make provisions for the following requirements:

(c) ANY CONTRACT PROVIDING FOR THE PERFORMANCE OF CLAIMS PROCESSING

FUNCTIONS BY AN ENTITY WITH WHICH THE CARRIER CONTRACTS SHALL REQUIRE SUCH ENTITY TO COMPLY WITH SECTION 10-16-106.5 (3), (4), AND (5).

SECTION 4. Effective date - applicability. Sections 1, 2, 4, and 5 of this act shall take effect January 1, 2000, and shall apply to claims submitted on or after said date. Section 3 of this act shall take effect January 1, 2000, and shall apply to contracts issued, modified, or amended on or after said date.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: June 2, 1999