

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO INSURANCE - ACCIDENT AND SICKNESS INSURANCE POLICIES

Introduced By: Senators DiPalma, Goldin, Satchell, and Miller

Date Introduced: March 15, 2017

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-18-61 of the General Laws in Chapter 27-18 entitled "Accident
2 and Sickness Insurance Policies" is hereby amended to read as follows:

3 **27-18-61. Prompt processing of claims.**

4 (a) A health care entity or health plan operating in the state shall pay all complete claims
5 for covered health care services submitted to the health care entity or health plan by a health care
6 provider or by a policyholder within forty (40) calendar days following the date of receipt of a
7 complete written claim or within thirty (30) calendar days following the date of receipt of a
8 complete electronic claim. Each health plan shall establish a written standard defining what
9 constitutes a complete claim and shall distribute this standard to all participating providers.

10 (b) If the health care entity or health plan denies or pends a claim, the health care entity
11 or health plan shall have thirty (30) calendar days from receipt of the claim to notify in writing
12 the health care provider or policyholder of any and all reasons for denying or pending the claim
13 and what, if any, additional information is required to process the claim. No health care entity or
14 health plan may limit the time period in which additional information may be submitted to
15 complete a claim.

16 (c) Any claim that is resubmitted by a health care provider or policyholder shall be
17 treated by the health care entity or health plan pursuant to the provisions of subsection (a) of this
18 section.

19 (d) A health care entity or health plan which fails to reimburse the health care provider or

1 policyholder after receipt by the health care entity or health plan of a complete claim within the
2 required timeframes shall pay to the health care provider or the policyholder who submitted the
3 claim, in addition to any reimbursement for health care services provided, interest which shall
4 accrue at the rate of twelve percent (12%) per annum commencing on the thirty-first (31st) day
5 after receipt of a complete electronic claim or on the forty-first (41st) day after receipt of a
6 complete written claim, and ending on the date the payment is issued to the health care provider
7 or the policyholder.

8 (e) Exceptions to the requirements of this section are as follows:

9 (1) No health care entity or health plan operating in the state shall be in violation of this
10 section for a claim submitted by a health care provider or policyholder if:

11 (i) Failure to comply is caused by a directive from a court or federal or state agency;

12 (ii) The health care entity or health plan is in liquidation or rehabilitation or is operating
13 in compliance with a court-ordered plan of rehabilitation; or

14 (iii) The health care entity or health plan's compliance is rendered impossible due to
15 matters beyond its control that are not caused by it.

16 (2) No health care entity or health plan operating in the state shall be in violation of this
17 section for any claim: (i) initially submitted more than ninety (90) days after the service is
18 rendered, or (ii) resubmitted more than ninety (90) days after the date the health care provider
19 received the notice provided for in subsection (b) of this section; provided, this exception shall
20 not apply in the event compliance is rendered impossible due to matters beyond the control of the
21 health care provider and were not caused by the health care provider.

22 (3) No health care entity or health plan operating in the state shall be in violation of this
23 section while the claim is pending due to a fraud investigation by a state or federal agency.

24 (4) No health care entity or health plan operating in the state shall be obligated under this
25 section to pay interest to any health care provider or policyholder for any claim if the director of
26 business regulation finds that the entity or plan is in substantial compliance with this section. A
27 health care entity or health plan seeking such a finding from the director shall submit any
28 documentation that the director shall require. A health care entity or health plan which is found to
29 be in substantial compliance with this section shall thereafter submit any documentation that the
30 director may require on an annual basis for the director to assess ongoing compliance with this
31 section.

32 (5) A health care entity or health plan may petition the director for a waiver of the
33 provision of this section for a period not to exceed ninety (90) days in the event the health care
34 entity or health plan is converting or substantially modifying its claims processing systems.

1 (f) For purposes of this section, the following definitions apply:

2 (1) "Claim" means: (i) a bill or invoice for covered services; (ii) a line item of service; or
3 (iii) all services for one patient or subscriber within a bill or invoice.

4 (2) "Date of receipt" means the date the health care entity or health plan receives the
5 claim whether via electronic submission or as a paper claim.

6 (3) "Health care entity" means a licensed insurance company or nonprofit hospital or
7 medical or dental service corporation or plan or health maintenance organization, or a contractor
8 as described in § 23-17.13-2(2), which operates a health plan.

9 (4) "Health care provider" means an individual clinician, either in practice independently
10 or in a group, who provides health care services, and otherwise referred to as a non-institutional
11 provider [or a state-licensed facility that provides mental health and/or substance abuse treatment](#)
12 [and/or prevention services](#).

13 (5) "Health care services" include, but are not limited to, medical, mental health,
14 substance abuse, dental and any other services covered under the terms of the specific health plan.

15 (6) "Health plan" means a plan operated by a health care entity that provides for the
16 delivery of health care services to persons enrolled in those plans through:

17 (i) Arrangements with selected providers to furnish health care services; and/or

18 (ii) Financial incentive for persons enrolled in the plan to use the participating providers
19 and procedures provided for by the health plan.

20 (7) "Policyholder" means a person covered under a health plan or a representative
21 designated by that person.

22 (8) "Substantial compliance" means that the health care entity or health plan is processing
23 and paying ninety-five percent (95%) or more of all claims within the time frame provided for in
24 subsections (a) and (b) of this section.

25 (g) Any provision in a contract between a health care entity or a health plan and a health
26 care provider which is inconsistent with this section shall be void and of no force and effect.

27 SECTION 2. Section 27-19-52 of the General Laws in Chapter 27-19 entitled "Nonprofit
28 Hospital Service Corporations" is hereby amended to read as follows:

29 **27-19-52. Prompt processing of claims.**

30 (a) A health care entity or health plan operating in the state shall pay all complete claims
31 for covered health care services submitted to the health care entity or health plan by a health care
32 provider or by a policyholder within forty (40) calendar days following the date of receipt of a
33 complete written claim or within thirty (30) calendar days following the date of receipt of a
34 complete electronic claim. Each health plan shall establish a written standard defining what

1 constitutes a complete claim and shall distribute this standard to all participating providers.

2 (b) If the health care entity or health plan denies or pends a claim, the health care entity
3 or health plan shall have thirty (30) calendar days from receipt of the claim to notify in writing
4 the health care provider or policyholder of any and all reasons for denying or pending the claim
5 and what, if any, additional information is required to process the claim. No health care entity or
6 health plan may limit the time period in which additional information may be submitted to
7 complete a claim.

8 (c) Any claim that is resubmitted by a health care provider or policyholder shall be
9 treated by the health care entity or health plan pursuant to the provisions of subsection (a) of this
10 section.

11 (d) A health care entity or health plan which fails to reimburse the health care provider or
12 policyholder after receipt by the health care entity or health plan of a complete claim within the
13 required timeframes shall pay to the health care provider or the policyholder who submitted the
14 claim, in addition to any reimbursement for health care services provided, interest which shall
15 accrue at the rate of twelve percent (12%) per annum commencing on the thirty-first (31st) day
16 after receipt of a complete electronic claim or on the forty-first (41st) day after receipt of a
17 complete written claim, and ending on the date the payment is issued to the health care provider
18 or the policyholder.

19 (e) Exceptions to the requirements of this section are as follows:

20 (1) No health care entity or health plan operating in the state shall be in violation of this
21 section for a claim submitted by a health care provider or policyholder if:

22 (i) Failure to comply is caused by a directive from a court or federal or state agency;

23 (ii) The health care provider or health plan is in liquidation or rehabilitation or is
24 operating in compliance with a court-ordered plan of rehabilitation; or

25 (iii) The health care entity or health plan's compliance is rendered impossible due to
26 matters beyond its control that are not caused by it.

27 (2) No health care entity or health plan operating in the state shall be in violation of this
28 section for any claim: (i) initially submitted more than ninety (90) days after the service is
29 rendered, or (ii) resubmitted more than ninety (90) days after the date the health care provider
30 received the notice provided for in § 27-18-61(b); provided, this exception shall not apply in the
31 event compliance is rendered impossible due to matters beyond the control of the health care
32 provider and were not caused by the health care provider.

33 (3) No health care entity or health plan operating in the state shall be in violation of this
34 section while the claim is pending due to a fraud investigation by a state or federal agency.

1 (4) No health care entity or health plan operating in the state shall be obligated under this
2 section to pay interest to any health care provider or policyholder for any claim if the director of
3 the department of business regulation finds that the entity or plan is in substantial compliance
4 with this section. A health care entity or health plan seeking such a finding from the director shall
5 submit any documentation that the director shall require. A health care entity or health plan which
6 is found to be in substantial compliance with this section shall after this submit any
7 documentation that the director may require on an annual basis for the director to assess ongoing
8 compliance with this section.

9 (5) A health care entity or health plan may petition the director for a waiver of the
10 provision of this section for a period not to exceed ninety (90) days in the event the health care
11 entity or health plan is converting or substantially modifying its claims processing systems.

12 (f) For purposes of this section, the following definitions apply:

13 (1) "Claim" means:

14 (i) A bill or invoice for covered services;

15 (ii) A line item of service; or

16 (iii) All services for one patient or subscriber within a bill or invoice.

17 (2) "Date of receipt" means the date the health care entity or health plan receives the
18 claim whether via electronic submission or has a paper claim.

19 (3) "Health care entity" means a licensed insurance company or nonprofit hospital or
20 medical or dental service corporation or plan or health maintenance organization, or a contractor
21 as described in § 23-17.13-2(2), that operates a health plan.

22 (4) "Health care provider" means an individual clinician, either in practice independently
23 or in a group, who provides health care services, and referred to as a non-institutional provider or
24 a state-licensed facility that provides mental health and/or substance abuse treatment and/or
25 prevention services.

26 (5) "Health care services" include, but are not limited to, medical, mental health,
27 substance abuse, dental and any other services covered under the terms of the specific health plan.

28 (6) "Health plan" means a plan operated by a health care entity that provides for the
29 delivery of health care services to persons enrolled in those plans through:

30 (i) Arrangements with selected providers to furnish health care services; and/or

31 (ii) Financial incentive for persons enrolled in the plan to use the participating providers
32 and procedures provided for by the health plan.

33 (7) "Policyholder" means a person covered under a health plan or a representative
34 designated by that person.

1 (8) "Substantial compliance" means that the health care entity or health plan is processing
2 and paying ninety-five percent (95%) or more of all claims within the time frame provided for in
3 § 27-18-61(a) and (b).

4 (g) Any provision in a contract between a health care entity or a health plan and a health
5 care provider which is inconsistent with this section shall be void and of no force and effect.

6 SECTION 3. Section 27-20-47 of the General Laws in Chapter 27-20 entitled "Nonprofit
7 Medical Service Corporations" is hereby amended to read as follows:

8 **27-20-47. Prompt processing of claims.**

9 (a) A health care entity or health plan operating in the state shall pay all complete claims
10 for covered health care services submitted to the health care entity or health plan by a health care
11 provider or by a policyholder within forty (40) calendar days following the date of receipt of a
12 complete written claim or within thirty (30) calendar days following the date of receipt of a
13 complete electronic claim. Each health plan shall establish a written standard defining what
14 constitutes a complete claim and shall distribute the standard to all participating providers.

15 (b) If the health care entity or health plan denies or pends a claim, the health care entity
16 or health plan shall have thirty (30) calendar days from receipt of the claim to notify in writing
17 the health care provider or policyholder of any and all reasons for denying or pending the claim
18 and what, if any, additional information is required to process the claim. No health care entity or
19 health plan may limit the time period in which additional information may be submitted to
20 complete a claim.

21 (c) Any claim that is resubmitted by a health care provider or policyholder shall be
22 treated by the health care entity or health plan pursuant to the provisions of subsection (a) of this
23 section.

24 (d) A health care entity or health plan which fails to reimburse the health care provider or
25 policyholder after receipt by the health care entity or health plan of a complete claim within the
26 required timeframes shall pay to the health care provider or the policyholder who submitted the
27 claim, in addition to any reimbursement for health care services provided, interest which shall
28 accrue at the rate of twelve percent (12%) per annum commencing on the thirty-first (31st) day
29 after receipt of a complete electronic claim or on the forty-first (41st) day after receipt of a
30 complete written claim, and ending on the date the payment is issued to the health care provider
31 or the policyholder.

32 (e) Exceptions to the requirements of this section are as follows:

33 (1) No health care entity or health plan operating in the state shall be in violation of this
34 section for a claim submitted by a health care provider or policyholder if:

1 (i) Failure to comply is caused by a directive from a court or federal or state agency;

2 (ii) The health care entity or health plan is in liquidation or rehabilitation or is operating
3 in compliance with a court-ordered plan of rehabilitation; or

4 (iii) The health care entity or health plan's compliance is rendered impossible due to
5 matters beyond its control that are not caused by it.

6 (2) No health care entity or health plan operating in the state shall be in violation of this
7 section for any claim: (i) initially submitted more than ninety (90) days after the service is
8 rendered, or (ii) resubmitted more than ninety (90) days after the date the health care provider
9 received the notice provided for in § 27-18-61(b); provided, this exception shall not apply in the
10 event compliance is rendered impossible due to matters beyond the control of the health care
11 provider and were not caused by the health care provider.

12 (3) No health care entity or health plan operating in the state shall be in violation of this
13 section while the claim is pending due to a fraud investigation by a state or federal agency.

14 (4) No health care entity or health plan operating in the state shall be obligated under this
15 section to pay interest to any health care provider or policyholder for any claim if the director of
16 the department of business regulation finds that the entity or plan is in substantial compliance
17 with this section. A health care entity or health plan seeking such a finding from the director shall
18 submit any documentation that the director shall require. A health care entity or health plan which
19 is found to be in substantial compliance with this section shall after this submit any
20 documentation that the director may require on an annual basis for the director to assess ongoing
21 compliance with this section.

22 (5) A health care entity or health plan may petition the director for a waiver of the
23 provision of this section for a period not to exceed ninety (90) days in the event the health care
24 entity or health plan is converting or substantially modifying its claims processing systems.

25 (f) For purposes of this section, the following definitions apply:

26 (1) "Claim" means: (i) a bill or invoice for covered services; (ii) a line item of service; or
27 (iii) all services for one patient or subscriber within a bill or invoice.

28 (2) "Date of receipt" means the date the health care entity or health plan receives the
29 claim whether via electronic submission or has a paper claim.

30 (3) "Health care entity" means a licensed insurance company or nonprofit hospital or
31 medical or dental service corporation or plan or health maintenance organization, or a contractor
32 as described in § 23-17.13-2(2), that operates a health plan.

33 (4) "Health care provider" means an individual clinician, either in practice independently
34 or in a group, who provides health care services, and referred to as a non-institutional provider [or](#)

1 [a state-licensed facility that provides mental health and/or substance abuse treatment and/or](#)
2 [prevention services.](#)

3 (5) "Health care services" include, but are not limited to, medical, mental health,
4 substance abuse, dental and any other services covered under the terms of the specific health plan.

5 (6) "Health plan" means a plan operated by a health care entity that provides for the
6 delivery of health care services to persons enrolled in the plan through:

7 (i) Arrangements with selected providers to furnish health care services; and/or

8 (ii) Financial incentive for persons enrolled in the plan to use the participating providers
9 and procedures provided for by the health plan.

10 (7) "Policyholder" means a person covered under a health plan or a representative
11 designated by that person.

12 (8) "Substantial compliance" means that the health care entity or health plan is processing
13 and paying ninety-five percent (95%) or more of all claims within the time frame provided for in
14 § 27-18-61(a) and (b).

15 (g) Any provision in a contract between a health care entity or a health plan and a health
16 care provider which is inconsistent with this section shall be void and of no force and effect.

17 SECTION 4. Section 27-41-64 of the General Laws in Chapter 27-41 entitled "Health
18 Maintenance Organizations" is hereby amended to read as follows:

19 **27-41-64. Prompt processing of claims.**

20 (a) A health care entity or health plan operating in the state shall pay all complete claims
21 for covered health care services submitted to the health care entity or health plan by a health care
22 provider or by a policyholder within forty (40) calendar days following the date of receipt of a
23 complete written claim or within thirty (30) calendar days following the date of receipt of a
24 complete electronic claim. Each health plan shall establish a written standard defining what
25 constitutes a complete claim and shall distribute this standard to all participating providers.

26 (b) If the health care entity or health plan denies or pends a claim, the health care entity
27 or health plan shall have thirty (30) calendar days from receipt of the claim to notify in writing
28 the health care provider or policyholder of any and all reasons for denying or pending the claim
29 and what, if any, additional information is required to process the claim. No health care entity or
30 health plan may limit the time period in which additional information may be submitted to
31 complete a claim.

32 (c) Any claim that is resubmitted by a health care provider or policyholder shall be
33 treated by the health care entity or health plan pursuant to the provisions of subsection (a) of this
34 section.

1 (d) A health care entity or health plan which fails to reimburse the health care provider or
2 policyholder after receipt by the health care entity or health plan of a complete claim within the
3 required timeframes shall pay to the health care provider or the policyholder who submitted the
4 claim, in addition to any reimbursement for health care services provided, interest which shall
5 accrue at the rate of twelve percent (12%) per annum commencing on the thirty-first (31st) day
6 after receipt of a complete electronic claim or on the forty-first (41st) day after receipt of a
7 complete written claim, and ending on the date the payment is issued to the health care provider
8 or the policyholder.

9 (e) Exceptions to the requirements of this section are as follows:

10 (1) No health care entity or health plan operating in the state shall be in violation of this
11 section for a claim submitted by a health care provider or policyholder if:

12 (i) Failure to comply is caused by a directive from a court or federal or state agency;

13 (ii) The health care entity or health plan is in liquidation or rehabilitation or is operating
14 in compliance with a court-ordered plan of rehabilitation; or

15 (iii) The health care entity or health plan's compliance is rendered impossible due to
16 matters beyond its control, which are not caused by it.

17 (2) No health care entity or health plan operating in the state shall be in violation of this
18 section for any claim: (i) initially submitted more than ninety (90) days after the service is
19 rendered, or (ii) resubmitted more than ninety (90) days after the date the health care provider
20 received the notice provided for in § 27-18-61(b); provided, this exception shall not apply in the
21 event compliance is rendered impossible due to matters beyond the control of the health care
22 provider and were not caused by the health care provider.

23 (3) No health care entity or health plan operating in the state shall be in violation of this
24 section while the claim is pending due to a fraud investigation by a state or federal agency.

25 (4) No health care entity or health plan operating in the state shall be obligated under this
26 section to pay interest to any health care provider or policyholder for any claim if the director of
27 the department of business regulation finds that the entity or plan is in substantial compliance
28 with this section. A health care entity or health plan seeking that finding from the director shall
29 submit any documentation that the director shall require. A health care entity or health plan which
30 is found to be in substantial compliance with this section shall submit any documentation the
31 director may require on an annual basis for the director to assess ongoing compliance with this
32 section.

33 (5) A health care entity or health plan may petition the director for a waiver of the
34 provision of this section for a period not to exceed ninety (90) days in the event the health care

1 entity or health plan is converting or substantially modifying its claims processing systems.

2 (f) For purposes of this section, the following definitions apply:

3 (1) "Claim" means: (i) a bill or invoice for covered services; (ii) a line item of service; or
4 (iii) all services for one patient or subscriber within a bill or invoice.

5 (2) "Date of receipt" means the date the health care entity or health plan receives the
6 claim whether via electronic submission or as a paper claim.

7 (3) "Health care entity" means a licensed insurance company or nonprofit hospital or
8 medical or dental service corporation or plan or health maintenance organization, or a contractor
9 as described in § 23-17.13-2(2) that operates a health plan.

10 (4) "Health care provider" means an individual clinician, either in practice independently
11 or in a group, who provides health care services, and is referred to as a non-institutional provider
12 or a state-licensed facility that provides mental health and/or substance abuse treatment and/or
13 prevention services.

14 (5) "Health care services" include, but are not limited to, medical, mental health,
15 substance abuse, dental and any other services covered under the terms of the specific health plan.

16 (6) "Health plan" means a plan operated by a health care entity that provides for the
17 delivery of health care services to persons enrolled in the plan through:

18 (i) Arrangements with selected providers to furnish health care services; and/or

19 (ii) Financial incentive for persons enrolled in the plan to use the participating providers
20 and procedures provided for by the health plan.

21 (7) "Policyholder" means a person covered under a health plan or a representative
22 designated by that person.

23 (8) "Substantial compliance" means that the health care entity or health plan is processing
24 and paying ninety-five percent (95%) or more of all claims within the time frame provided for in
25 § 27-18-61(a) and (b).

26 (g) Any provision in a contract between a health care entity or a health plan and a health
27 care provider which is inconsistent with this section shall be void and of no force and effect.

28 SECTION 5. This act shall take effect upon passage.

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LC001726
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE - ACCIDENT AND SICKNESS INSURANCE POLICIES

1 This act would include a state-licensed facility that provides mental health and/or
2 substance abuse treatment and/or prevention services in the definition of "health care provider"
3 for the purposes of the prompt payment of health insurance claims.

4 This act would take effect upon passage.

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