

# ***ANALYSIS OF HOUSE BILL 2940***

## ***Requiring prompt payment of providers by health carriers.***

**SPONSOR:** Representative Smith.

**BACKGROUND:** Because most health care is provided through managed care organizations, payment requirements are usually found in contracts.

The only state law that addresses this subject is RCW 51.36.080, which requires the Department of Labor and Industries to pay all fees and medical charges within 60 days of receipt.

Federal law requires Medicare to pay within 60 days in most cases [Federal Social Security Act, Section 1861(c)(2) and 1842(c)(2)].

**SUMMARY:** Health carriers are required to pay providers within 30 days after a claim payment is received by the carrier with documentation reasonably necessary to process the claim.

For good faith claims, reasonable health carriers shall pay any undisputed claim within 30 days, notify the provider if the dispute needs documentation, and pay the remainder of the claim within 30 days of receiving necessary documentation for resolution of the dispute.

A carrier that violates these provisions shall pay interest to the provider at the rate of 12 percent per annum on the amount of the claim from the date the payment should have been made until the date the payment is actually made.

The provisions apply to all claims made on or after July 1, 1998, unless a contract entered into before July 1, 1998, between the provider and carrier provides specifically for prompt payment of the provider by the carrier.

This act takes effect July 1, 1998.