FINAL BILL REPORT
E2SHB 1418

C 278 L 05
Synopsis as Enacted

Brief Description: Regulating insurance overpayment recovery practices.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Kirby, Roach, Simpson, Santos, Campbell, Orcutt, Williams and Serben).

House Committee on Financial Institutions & Insurance
House Committee on Appropriations
Senate Committee on Health & Long-Term Care

Background:

A health carrier may overpay or underpay a health care provider for treatment of an enrollee. The incorrect payment may be due to an error or due to incorrect or incomplete information regarding the treatment of the enrollee. Processes for insurer recovery of actual or alleged overpayments and additional provider billing to achieve full payment are not explicitly addressed in statute or administrative rule.

Summary:

"Refund" is defined as the return, either directly or through an offset to a future claim, of some or all of a payment already received by a health care provider.

General Standards for a Carrier Request for a Refund.
Except in specified circumstances, a carrier may not:
- request a refund unless it does so in writing to the provider within 24 months after the date that the payment was made; or
- request that a contested refund be paid any sooner than six months after receipt of the request.

A request must specify why the carrier believes the provider owes the refund. If a provider fails to contest the request in writing to the carrier within thirty days of its receipt, the request is deemed accepted and the refund must be paid.

Carrier Request for a Refund Related to a Coordination of Benefits.
If a coordination of benefits is involved, a carrier may not:
- request a refund from a health care provider of a payment unless it does so in writing to the provider within 30 months after the date that the payment was made; or
- request that a contested refund be paid any sooner than six months after receipt of the request.

Such a request must specify why the carrier believes the provider owes the refund and must include the name and mailing address of the entity that has primary responsibility for payment of the claim. If a provider fails to contest the request in writing to the carrier within thirty days of its receipt, the request is deemed accepted and the refund must be paid.

Carrier Request for a Refund Related to Liability Imposed by Law.
A carrier may at any time request a refund of a payment previously made if:
- a third party is found responsible for satisfaction of the claim as a consequence of liability imposed by law; and
- the carrier is unable to recover directly from the third party because the third party has either already paid or will pay the provider for the health services covered by the claim.

General Standards for a Provider Request for Additional Payment.
Except in the case of fraud or coordination of benefits, a provider may not:
- request additional payment from a carrier to satisfy a claim unless he or she does so in writing to the carrier within 24 months after the date that the claim was denied or payment intended to satisfy the claim was made; or
- request that the additional payment be made any sooner than six months after receipt of the request.

A request must specify why the provider believes the carrier owes the additional payment.

Provider Request for Additional Payment Related to a Coordination of Benefits.
If a coordination of benefits is involved, a provider may not:
- request additional payment from a carrier to satisfy a claim unless he or she does so in writing to the carrier within 30 months after the date the claim was denied or payment intended to satisfy the claim was made; or
- request that the additional payment be made any sooner than six months after receipt of the request.

A request must specify why the provider believes the carrier owes the additional payment and must include the name and mailing address of any entity that has disclaimed responsibility for payment of the claim.

Other Provisions.
These refund and payment provisions prevail in any conflict with a provision in a contract between a carrier and a provider but a carrier may choose to make additional payments and a provider may choose to refund a previously made payment.

These provisions do not apply to claims for health care services provided through dental-only health carriers, health care services provided under Title XVIII (medicare) of the Social Security Act, or medicare supplemental plans regulated under Washington insurance law.

These provisions apply to contracts issued or renewed on or after January 1, 2006.

Votes on Final Passage:

House 93 0

Senate	48	0	(Senate amended)
House	98	0	(House concurred)

Effective: July 24, 2005