
**Financial Institutions &
Insurance Committee**

HB 1418

Brief Description: Regulating insurance overpayment recovery practices.

Sponsors: Representatives Kirby, Roach, Simpson, Santos, Campbell, Orcutt, Williams and Serben.

Brief Summary of Bill

- If a health carrier intends to retroactively deny, adjust, or seek recoupment or refund of a claim paid to a health care provider, the carrier must provide notice to the health care provider.
- A carrier may not seek to recover on a claim more than a year after the claim was filed unless coordination of benefits or fraud is involved.
- A carrier may not seek to recover on a claim more than 18 months after the claim was filed if coordination of benefits is involved.
- The provider may dispute the action of the carrier within 30 days of receiving the notice.
- The provider may file a revised claim, request a reconsideration, or, in the case of coordination of benefits, seek reimbursement from the entity responsible for payment within six months of receiving the notice.

Hearing Date: 2/3/05

Staff: Jon Hedegard (786-7127).

Background:

Disability insurers, health care service providers (HCSCs), and health maintenance organizations (HMOs) may periodically overpay for treatment of their enrollees when they reimburse the provider. The overpayment in the reimbursement may be due to an error or due to incorrect or incomplete information regarding the treatment or enrollee.

The Insurance Commissioner oversees disability insurers, HCSCs, and HMOs. This includes some statutes and administrative rules regarding contracts between health carriers and providers.

The issue of overpayments and processes for insurer recovery of actual or alleged overpayments are not explicitly addressed in statute or administrative rule.

Health care provider is defined in current law as:

(a) A person regulated under Title 18 or chapter 70.127 RCW, to practice health or health-related services or otherwise practicing health care services in this state consistent with state law; or

(b) An employee or agent of a person described in (a) of this subsection, acting in the course and scope of his or her employment.

Chapter 48.20 RCW regulates disability insurance.

Chapter 48.21 RCW regulates group and blanket disability insurance.

Chapter 48.44 RCW regulates health care service providers (HCSCs).

Chapter 48.46 RCW regulates health maintenance organizations (HMOs).

Summary of Bill:

Except for cases involving fraud or coordination of benefits, a health carrier may not retroactively deny, adjust, or seek recoupment or refund of a claim paid to a health care provider more than one year after the payment was made. In cases involving coordination of benefits, a health carrier may not retroactively deny, adjust, or seek recoupment or refund of a claim paid to a health care provider more than 18 months after the payment was made.

When a carrier retroactively denies, adjusts or seeks recoupment or refund of a claim paid, it must provide notice to the health care provider, including information specifying the reason the action was taken. If a carrier bases its action on a medical necessity determination, level of service determination, coding error, or billing irregularity, the action must be reconciled to a specific claim.

The provider may dispute the action of the carrier within 30 days of receiving the notice, in which case no repayment is due until the provider has exhausted available legal remedies.

The provider has six months from the date the notice is received to file a revised claim, request a reconsideration, or, in the case of coordination of benefits, seek reimbursement from the entity responsible for payment.

The requirements in the bill may not be waived by the insurer or provider.

A carrier may recover amounts from a patient to a provider if the patient was not entitled to coverage and the carrier is barred from recovering under the bill.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.