
HOUSE BILL 1418

State of Washington 59th Legislature 2005 Regular Session

By Representatives Kirby, Roach, Simpson, Santos, Campbell, Orcutt, Williams and Serben

Read first time 01/24/2005. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to regulating insurance overpayment recovery
2 practices; adding a new section to chapter 48.20 RCW; adding a new
3 section to chapter 48.21 RCW; adding a new section to chapter 48.44
4 RCW; and adding a new section to chapter 48.46 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.20 RCW
7 to read as follows:

8 (1) As used in this section, "health care provider" has the same
9 meaning as in RCW 48.43.005.

10 (2) An insurer may not retroactively deny, adjust, or seek
11 recoupment or refund of a paid claim for health care expenses submitted
12 by a health care provider for any reason, other than fraud or
13 coordination of benefits, after the expiration of one year from the
14 date that the initial claim was paid. Retroactive denials,
15 adjustments, recoupments, or refunds based on coordination of benefits
16 are governed by subsection (3) of this section. Notwithstanding any
17 other provision of law or contract to the contrary, if an insurer
18 retroactively denies, adjusts, or seeks recoupment or refund of a paid
19 claim, the health care provider has an additional period of six months

1 from the date that the notice required by subsection (4) of this
2 section was received within which to file either a revised claim or a
3 request for reconsideration with additional medical records or
4 information.

5 (3) An insurer may not retroactively deny, adjust, or seek
6 recoupment or refund of a paid claim submitted by a health care
7 provider for reasons related to coordination of benefits with another
8 insurer or entity responsible for payment of the claim after the
9 expiration of eighteen months from the date that the original claim was
10 paid. If the insurer retroactively denies, adjusts, or seeks
11 recoupment or refund of a paid claim based on coordination of benefits,
12 the insurer must provide the health care provider with notice
13 specifying the reason for the denial, adjustment, recoupment, or
14 refund, and provide the name and address of the entity acknowledging
15 responsibility for payment of the denied claim. Notwithstanding any
16 other provision of law or contract to the contrary, if an insurer
17 retroactively denies reimbursement for services as a result of
18 coordination of benefits with another insurer, the health care provider
19 has an additional six months from the date that the health care
20 provider received the notice specified in this subsection to submit a
21 claim for reimbursement for the service to the insurer, health service
22 corporation, health benefit plan, medical assistance program,
23 government health benefit program, or other entity responsible for
24 payment for the services provided.

25 (4) An insurer that retroactively denies, adjusts, or seeks
26 recoupment or refund of a paid claim submitted by a health care
27 provider must give the health care provider notice specifying the
28 reason for the action taken. Any retroactive denials, adjustments, or
29 requests for recoupment or refund of previous payments that are based
30 upon medical necessity determinations, level of service determinations,
31 coding errors, or billing irregularities must be reconciled to specific
32 claims. A health care provider who disputes or contests the basis for
33 the retroactive denial, adjustment, or request for recoupment or refund
34 on all or any portion of a claim must notify the insurer within thirty
35 days after the provider receives the notice that the retroactive
36 denial, adjustment, or request for recoupment or refund for overpayment
37 is disputed or contested. If the health care provider disputes or
38 contests the retroactive denial, adjustment, or request for recoupment

1 or refund, then any disputed or contested overpayment is not subject to
2 recoupment, refunds, or adjustment by the insurer until all the appeals
3 procedures, hearings, or other remedies available to the health care
4 provider have been finally decided in favor of the insurer.

5 (5) The requirements of this section may not be waived between the
6 health care provider and an insurer. This section does not prevent or
7 preclude an insurer from recovering in a court of law from a
8 subscriber, enrollee, or beneficiary any amounts paid to a health care
9 provider for benefits to which the subscriber, enrollee, or beneficiary
10 was not entitled under the terms and conditions of the contract of
11 insurance or the coverage agreement if the insurer is barred from
12 seeking a retroactive denial, adjustment, or request for recoupment or
13 refund from the health care provider under this section.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.21 RCW
15 to read as follows:

16 (1) As used in this section, "health care provider" has the same
17 meaning as in RCW 48.43.005.

18 (2) An insurer may not retroactively deny, adjust, or seek
19 recoupment or refund of a paid claim for health care expenses submitted
20 by a health care provider for any reason, other than fraud or
21 coordination of benefits, after the expiration of one year from the
22 date that the initial claim was paid. Retroactive denials,
23 adjustments, recoupments, or refunds based on coordination of benefits
24 are governed by subsection (3) of this section. Notwithstanding any
25 other provision of law or contract to the contrary, if an insurer
26 retroactively denies, adjusts, or seeks recoupment or refund of a paid
27 claim, the health care provider has an additional period of six months
28 from the date that the notice required by subsection (4) of this
29 section was received within which to file either a revised claim or a
30 request for reconsideration with additional medical records or
31 information.

32 (3) An insurer may not retroactively deny, adjust, or seek
33 recoupment or refund of a paid claim submitted by a health care
34 provider for reasons related to coordination of benefits with another
35 insurer or entity responsible for payment of the claim after the
36 expiration of eighteen months from the date that the original claim was
37 paid. If the insurer retroactively denies, adjusts, or seeks

1 recoupment or refund of a paid claim based on coordination of benefits,
2 the insurer must provide the health care provider with notice
3 specifying the reason for the denial, adjustment, recoupment, or
4 refund, and provide the name and address of the entity acknowledging
5 responsibility for payment of the denied claim. Notwithstanding any
6 other provision of law or contract to the contrary, if an insurer
7 retroactively denies reimbursement for services as a result of
8 coordination of benefits with another insurer, the health care provider
9 has an additional six months from the date that the health care
10 provider received the notice specified in this subsection to submit a
11 claim for reimbursement for the service to the insurer, health service
12 corporation, health benefit plan, medical assistance program,
13 government health benefit program, or other entity responsible for
14 payment for the services provided.

15 (4) An insurer that retroactively denies, adjusts, or seeks
16 recoupment or refund of a paid claim submitted by a health care
17 provider must give the health care provider notice specifying the
18 reason for the action taken. Any retroactive denials, adjustments, or
19 requests for recoupment or refund of previous payments that are based
20 upon medical necessity determinations, level of service determinations,
21 coding errors, or billing irregularities must be reconciled to specific
22 claims. A health care provider who disputes or contests the basis for
23 the retroactive denial, adjustment, or request for recoupment or refund
24 on all or any portion of a claim must notify the insurer within thirty
25 days after the provider receives the notice that the retroactive
26 denial, adjustment, or request for recoupment or refund for overpayment
27 is disputed or contested. If the health care provider disputes or
28 contests the retroactive denial, adjustment, or request for recoupment
29 or refund, then any disputed or contested overpayment is not subject to
30 recoupment, refunds, or adjustment by the insurer until all the appeals
31 procedures, hearings, or other remedies available to the health care
32 provider have been finally decided in favor of the insurer.

33 (5) The requirements of this section may not be waived between the
34 health care provider and an insurer. This section does not prevent or
35 preclude an insurer from recovering in a court of law from a
36 subscriber, enrollee, or beneficiary any amounts paid to a health care
37 provider for benefits to which the subscriber, enrollee, or beneficiary
38 was not entitled under the terms and conditions of the contract of

1 insurance or the coverage agreement if the insurer is barred from
2 seeking a retroactive denial, adjustment, or request for recoupment or
3 refund from the health care provider under this section.

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.44 RCW
5 to read as follows:

6 (1) As used in this section, "health care provider" has the same
7 meaning as in RCW 48.43.005.

8 (2) A health care service contractor may not retroactively deny,
9 adjust, or seek recoupment or refund of a paid claim for health care
10 expenses submitted by a health care provider for any reason, other than
11 fraud or coordination of benefits, after the expiration of one year
12 from the date that the initial claim was paid. Retroactive denials,
13 adjustments, recoupments, or refunds based on coordination of benefits
14 are governed by subsection (3) of this section. Notwithstanding any
15 other provision of law or contract to the contrary, if a health care
16 service contractor retroactively denies, adjusts, or seeks recoupment
17 or refund of a paid claim, the health care provider has an additional
18 period of six months from the date that the notice required by
19 subsection (4) of this section was received within which to file either
20 a revised claim or a request for reconsideration with additional
21 medical records or information.

22 (3) A health care service contractor may not retroactively deny,
23 adjust, or seek recoupment or refund of a paid claim submitted by a
24 health care provider for reasons related to coordination of benefits
25 with another insurer or entity responsible for payment of the claim
26 after the expiration of eighteen months from the date that the original
27 claim was paid. If the health care service contractor retroactively
28 denies, adjusts, or seeks recoupment or refund of a paid claim based on
29 coordination of benefits, the health care service contractor must
30 provide the health care provider with notice specifying the reason for
31 the denial, adjustment, recoupment, or refund, and provide the name and
32 address of the entity acknowledging responsibility for payment of the
33 denied claim. Notwithstanding any other provision of law or contract
34 to the contrary, if a health care service contractor retroactively
35 denies reimbursement for services as a result of coordination of
36 benefits with another insurer, the health care provider has an
37 additional six months from the date that the health care provider

1 received the notice specified in this subsection to submit a claim for
2 reimbursement for the service to the insurer, health service
3 corporation, health benefit plan, medical assistance program,
4 government health benefit program, or other entity responsible for
5 payment for the services provided.

6 (4) A health care service contractor that retroactively denies,
7 adjusts, or seeks recoupment or refund of a paid claim submitted by a
8 health care provider must give the health care provider notice
9 specifying the reason for the action taken. Any retroactive denials,
10 adjustments, or requests for recoupment or refund of previous payments
11 that are based upon medical necessity determinations, level of service
12 determinations, coding errors, or billing irregularities must be
13 reconciled to specific claims. A health care provider who disputes or
14 contests the basis for the retroactive denial, adjustment, or request
15 for recoupment or refund on all or any portion of a claim must notify
16 the health care service contractor within thirty days after the
17 provider receives the notice that the retroactive denial, adjustment,
18 or request for recoupment or refund for overpayment is disputed or
19 contested. If the health care provider disputes or contests the
20 retroactive denial, adjustment, or request for recoupment or refund,
21 then any disputed or contested overpayment is not subject to
22 recoupment, refunds, or adjustment by the health care service
23 contractor until all the appeals procedures, hearings, or other
24 remedies available to the health care provider have been finally
25 decided in favor of the health care service contractor.

26 (5) The requirements of this section may not be waived between the
27 health care provider and a health care service contractor. This
28 section does not prevent or preclude a health care service contractor
29 from recovering in a court of law from a subscriber, enrollee, or
30 beneficiary any amounts paid to a health care provider for benefits to
31 which the subscriber, enrollee, or beneficiary was not entitled under
32 the terms and conditions of the contract of insurance or the coverage
33 agreement if the health care service contractor is barred from seeking
34 a retroactive denial, adjustment, or request for recoupment or refund
35 from the health care provider under this section.

36 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.46 RCW
37 to read as follows:

1 (1) As used in this section, "health care provider" has the same
2 meaning as in RCW 48.43.005.

3 (2) A health maintenance organization may not retroactively deny,
4 adjust, or seek recoupment or refund of a paid claim for health care
5 expenses submitted by a health care provider for any reason, other than
6 fraud or coordination of benefits, after the expiration of one year
7 from the date that the initial claim was paid. Retroactive denials,
8 adjustments, recoupments, or refunds based on coordination of benefits
9 are governed by subsection (3) of this section. Notwithstanding any
10 other provision of law or contract to the contrary, if a health
11 maintenance organization retroactively denies, adjusts, or seeks
12 recoupment or refund of a paid claim, the health care provider has an
13 additional period of six months from the date that the notice required
14 by subsection (4) of this section was received within which to file
15 either a revised claim or a request for reconsideration with additional
16 medical records or information.

17 (3) A health maintenance organization may not retroactively deny,
18 adjust, or seek recoupment or refund of a paid claim submitted by a
19 health care provider for reasons related to coordination of benefits
20 with another insurer or entity responsible for payment of the claim
21 after the expiration of eighteen months from the date that the original
22 claim was paid. If the health maintenance organization retroactively
23 denies, adjusts, or seeks recoupment or refund of a paid claim based on
24 coordination of benefits, the health maintenance organization must
25 provide the health care provider with notice specifying the reason for
26 the denial, adjustment, recoupment, or refund, and provide the name and
27 address of the entity acknowledging responsibility for payment of the
28 denied claim. Notwithstanding any other provision of law or contract
29 to the contrary, if a health maintenance organization retroactively
30 denies reimbursement for services as a result of coordination of
31 benefits with another insurer, the health care provider has an
32 additional six months from the date that the health care provider
33 received the notice specified in this subsection to submit a claim for
34 reimbursement for the service to the insurer, health service
35 corporation, health benefit plan, medical assistance program,
36 government health benefit program, or other entity responsible for
37 payment for the services provided.

1 (4) A health maintenance organization that retroactively denies,
2 adjusts, or seeks recoupment or refund of a paid claim submitted by a
3 health care provider must give the health care provider notice
4 specifying the reason for the action taken. Any retroactive denials,
5 adjustments, or requests for recoupment or refund of previous payments
6 that are based upon medical necessity determinations, level of service
7 determinations, coding errors, or billing irregularities must be
8 reconciled to specific claims. A health care provider who disputes or
9 contests the basis for the retroactive denial, adjustment, or request
10 for recoupment or refund on all or any portion of a claim must notify
11 the health maintenance organization within thirty days after the
12 provider receives the notice that the retroactive denial, adjustment,
13 or request for recoupment or refund for overpayment is disputed or
14 contested. If the health care provider disputes or contests the
15 retroactive denial, adjustment, or request for recoupment or refund,
16 then any disputed or contested overpayment is not subject to
17 recoupment, refunds, or adjustment by the health maintenance
18 organization until all the appeals procedures, hearings, or other
19 remedies available to the health care provider have been finally
20 decided in favor of the health maintenance organization.

21 (5) The requirements of this section may not be waived between the
22 health care provider and a health maintenance organization. This
23 section does not prevent or preclude a health maintenance organization
24 from recovering in a court of law from a subscriber, enrollee, or
25 beneficiary any amounts paid to a health care provider for benefits to
26 which the subscriber, enrollee, or beneficiary was not entitled under
27 the terms and conditions of the contract of insurance or the coverage
28 agreement if the health maintenance organization is barred from seeking
29 a retroactive denial, adjustment, or request for recoupment or refund
30 from the health care provider under this section.

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