

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2241 Session of 2015

INTRODUCED BY BOBACK, PICKETT, DeLUCA, D. COSTA AND D. PARKER, JULY 1, 2016

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, SEPTEMBER 19, 2016

AN ACT

1 Amending Title 40 (Insurance) of the Pennsylvania Consolidated
2 Statutes, in regulation of insurers and related persons
3 generally, providing for retroactive denial of
4 reimbursements.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Title 40 of the Pennsylvania Consolidated
8 Statutes is amended by adding a chapter to read:

9 CHAPTER 37

10 RETROACTIVE DENIAL OF REIMBURSEMENTS

11 Sec.

12 3701. Scope of chapter.

13 3702. Definitions.

14 3703. Retroactive denial of reimbursement.

15 3704. Exceptions to retroactive denial of reimbursement.

16 3705. Coordination of benefits.

17 3706. Tolling.

18 § 3701. Scope of chapter.

1 This chapter shall not apply to reimbursements made as part
2 of an annual contracted reconciliation of a risk-sharing
3 arrangement under an administrative service provider contract.
4 § 3702. Definitions.

5 The following words and phrases when used in this chapter
6 shall have the meanings given to them in this section unless the
7 context clearly indicates otherwise:

8 "Abuse." Incidents or practices of providers, physicians or
9 suppliers of services and equipment which are inconsistent with
10 accepted sound medical, business or fiscal practices.

11 "Fraud." Any activity defined as an offense under 18 Pa.C.S.
12 § 4117 (relating to insurance fraud).

13 "Health care provider." A person, corporation, facility,
14 institution or other entity licensed, certified or approved by
15 the Commonwealth to provide health care or professional medical
16 services. The term includes, but is not limited to, a physician,
17 chiropractor, optometrist, professional nurse, certified nurse-
18 midwife, podiatrist, hospital, nursing home, ambulatory surgical
19 center or birth center.

20 "Insurer." A health insurance entity licensed in this
21 Commonwealth to issue any individual or group health, sickness
22 or accident policy or subscriber contract or certificate that
23 provides medical or health care coverage by a health care
24 facility or licensed health care provider that is offered or
25 governed under any of the following:

26 (1) The act of May 17, 1921 (P.L.682, No.284), known as
27 The Insurance Company Law of 1921, INCLUDING SECTION 630 AND <--
28 ARTICLE XXIV THEREOF.

29 (2) The act of December 29, 1972 (P.L.1701, No.364),
30 known as the Health Maintenance Organization Act.

1 (3) The act of May 18, 1976 (P.L.123, No.54), known as
2 the Individual Accident and Sickness Insurance Minimum
3 Standards Act.

4 (4) Chapter 61 (relating to hospital plan corporations)
5 or 63 (relating to professional health services plan
6 corporations).

7 "Reimbursement." Payments made to a health care provider by
8 an insurer.

9 "Waste." The overutilization of professional medical
10 services or the misuse of resources by a health care provider.

11 § 3703. Retroactive denial of reimbursement.

12 (a) General rule.--Except as provided in section 3704
13 (relating to exceptions to retroactive denial of reimbursement),
14 an insurer may not retroactively deny reimbursement as a result
15 of an overpayment determination more than 24 months after the
16 date the insurer initially paid the health care provider. An
17 insurer that retroactively denies reimbursement to a health care
18 provider under this chapter shall do so based upon coding
19 guidelines and policies in effect at the time the service
20 subject to the retroactive denial was rendered.

21 (b) Written notice.--An insurer that retroactively denies
22 reimbursement to a health care provider under subsection (a)
23 shall provide the health care provider with a written statement
24 specifying the basis for the retroactive denial. ~~If the~~ <--
25 ~~retroactive denial of reimbursement results from coordination of~~
26 ~~benefits, the written statement shall provide the name and~~
27 ~~address of the entity responsible for payment of the denied~~
28 ~~claim.~~

29 § 3704. Exceptions to retroactive denial of reimbursement.

30 The provisions of section 3703 (relating to retroactive

1 denial of reimbursement) do not apply if an insurer
2 retroactively denies reimbursement to a health care provider
3 because any of the following apply:

4 (1) The information submitted to the insurer constitutes
5 fraud, waste or abuse as defined in this chapter.

6 (2) The claim submitted to the insurer was a duplicate
7 claim.

8 (3) Denial was required by a Federal or State government
9 plan.

10 (4) Services were subject to coordination of benefits
11 with another insurer, the medical assistance program or the
12 Medicare program.

13 § 3705. Coordination of benefits.

14 If an insurer retroactively denies reimbursement for services
15 as a result of coordination of benefits under the provisions of
16 section 3704(4) (relating to exceptions to retroactive denial of
17 reimbursement), the health care provider shall have 12 months
18 from the date of the denial, unless the entity responsible for
19 payment permits a longer time period, to submit a claim for <--
20 reimbursement for the service to such entities.

21 § 3706. Tolling.

22 An insurer may request medical or billing records in writing
23 from a health care provider under section 3703 (relating to
24 retroactive denial of reimbursement). The health care provider
25 shall provide the necessary records to the insurer within 60
26 days of the request. The period of time in which the health care
27 provider is gathering the requested documentation shall be added
28 to the 24-month period.

29 Section 2. This act shall take effect in 60 days.