

NICHOLASA, MICOZZIE, MEMBER
6 S. SPRINGFIELD ROAD
CLIFTON HEIGHTS, PENNSYLVANIA 19018
PHONE: (610) 259-2820
FAX: (610) 259-7019

ROOM 45, EAST WING
HOUSE BOX 302020
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 783-8808
FAX: (717) 783-0688



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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January 13, 2000

The Honorable M. Diane Koken
Insurance Commissioner
Pennsylvania Insurance Department
13th Floor, Strawberry Square
Harrisburg, PA 17120

ORIGINAL; 2046
BUSH

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Sandusky, Wyatte, Notebook

Dear Commissioner Koken:

I thank you and your staff for taking the time to meet with me, my staff and the stakeholders of the Act 68 regulations. Your willingness to withdraw and resubmit the regulations is greatly appreciated. Based on the productive nature of the stakeholders meeting, I trust you would agree that the resubmission was warranted.

My understanding of the meeting's outcome was the following recommended changes to **Section 154.18. Prompt Payment**, of the proposed regulations.

(c) Interest due to a health care provider on a clean claim shall be calculated and paid by the licensed insurer or managed care plan to the health care provider and shall be added to the amount owed on the clean claim. The interest shall be paid **WITHIN 30 DAYS OF THE PAYMENT OF THE CLAIM** ~~at the time of payment of the claim~~. Interest owed of less than \$2 on a single claim does not have to be paid by the licensed insurer or managed care plan. Interest can be paid on the same check as the claim payment or on a separate check. If the licensed insurer or managed care plan combines interest payments for more than one late clean claim, the check shall include information listing each claim covered by the check and the specific amount of interest being paid for each claim.

(d) Claims paid by a licensed insurer or managed care plan are considered clean claims and are subject to the interest provisions of the act. If a paid claim is re-adjudicated by the licensed insurer or managed care plan, a new 45-day period for the prompt payment provision begins again at the time additional information prompting the re-adjudication is provided to the plan. Additional moneys which are owed or paid to the health care provider are subject to the prompt payment provisions of the act and this chapter. The prompt payment requirement of the act also applies to the uncontested portion of a contested claim. A contested claim is a claim for which required substantiating documentation **FOR THE ENTIRE CLAIM** has been supplied to the licensed insurer or managed care plan, but where the licensed insurer or managed care plan has determined that it is not obligated to make payment.

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(f) Prior to filing a complaint with the Department, health care providers who believe that a licensed insurer or managed care plan has not paid a clean claim in accordance with the act and this chapter SHALL ~~may~~ first contact the licensed insurer or managed care plan to determine the status of the claim, to ensure that sufficient documentation supporting the claim has been provided, and to determine whether the claim is considered by the licensed insurer or the managed care plan to be a clean claim. Licensed insurers and managed care plans shall respond to the health care provider's inquiries regarding the status of unpaid claims within 45 ~~30~~ days of SUBMISSION OF THE CLAIM OR WITHIN 30 DAYS OF the inquiry, IF THE INQUIRY IS MADE AFTER THE 45-DAY PERIOD.

(g)(1) The licensed insurer or managed care plan has not responded to a health care provider's inquiries regarding the status of an unpaid claim within 45 ~~30~~ days of SUBMISSION OF THE CLAIM OR WITHIN 30 DAYS OF the inquiry, IF THE INQUIRY IS MADE AFTER THE 45-DAY PERIOD.

I also recommend language in the Preamble regarding a provider's ability to inquire on the status of claims, the need for insurers to respond in a timely fashion to such inquiries and the need for providers to submit clean claims to insurers.

[insert in PREAMBLE under Comments and Response]

FURTHER COMMENTS AND DISCUSSIONS REGARDING SECTION 154.18 PROMPT PAYMENT HAVE RESULTED IN SLIGHT CHANGES FROM THE REGULATIONS PUBLISHED IN DECEMBER 1999.

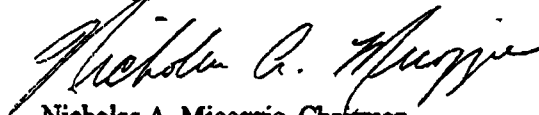
INSURERS AND PROVIDERS ARE URGED TO WORK TOGETHER TO ADDRESS ISSUES RELATED TO PAYMENT OF CLAIMS, IN ORDER TO ASSURE THE PROVISIONS OF THE ACT ARE ACHIEVED. INSURERS HAVE AN OBLIGATION TO PAY CLAIMS PROMPTLY, AND WHERE CLEAN CLAIMS ARE NOT PAID WITHIN 45 DAYS, PAY INTEREST WITHIN 30 DAYS OF PAYMENT OF THE CLAIM. THE REGULATIONS SPECIFIED IN SECTION 154.18 REQUIRE THAT CLAIMS WHICH INCLUDE UNCONTESTED PORTIONS SHALL BE PAID ON A TIMELY BASIS, AND THAT THE CONTESTED PORTIONS OF A FINALIZED CLAIM CAN BE APPEALED. WHEN RE-ADJUDICATED BY THE INSURER, THAT CONTESTED PORTION IS PROVIDED WITH A NEW 45-DAY PERIOD UNDER THE REGULATIONS. NOTHING IN THE ACT OR REGULATION REQUIRES A SPLITTING OF CLAIMS TO ADDRESS THE UNCONTESTED PORTION OF A CONTESTED CLAIM.

LICENSED INSURERS AND MANAGED CARE PLANS ARE STRONGLY ENCOURAGED TO ESTABLISH MECHANISMS FOR HEALTH CARE PROVIDERS TO INQUIRE ABOUT THE STATUS OF A CLAIM. PROVIDERS SEEKING STATUS OF CLAIMS THROUGH INQUIRY TO INSURERS SHOULD RECEIVE REPLIES PROMPTLY. PROVIDERS ARE STRONGLY ENCOURAGED TO ESTABLISH MECHANISMS FOR THE SUBMISSION OF CLEAN CLAIMS. IF THAT DOES NOT OCCUR, A REMEDY IS PROVIDED IN 154.18(g)(1), WHEREBY PROVIDERS CAN ADVISE THE DEPARTMENT OF INSURERS' FAILURE TO RESPOND.

Given your position not to include in the regulations a requirement for insurers and managed care plans to notify health care providers on the status of claims, I plan to investigate the need for legislation that grants the Insurance Department clear authority to require proper notification. I welcome your input on this proposal.

Again, my thanks to you and your staff for their assistance in the resolution of these outstanding issues. Be assured that upon resubmission of the final regulation, I will call for the House Insurance Committee to give the regulation timely consideration and my support.

Sincerely,



Nicholas A. Micozzie, Chairman
House Insurance Committee

cc: The Honorable Tony DeLuca
The Honorable Dennis O'Brien
Jim Redmond, Sen. Vice President & Corp. Leg. Counsel
The Hospital & Healthsystem Association of PA
Sam Marshall, President & CEO
The Insurance Federation of Pennsylvania
Don McCoy, Pennsylvania Medical Society
Bruce Hironimus, Vice President of Government Affairs
Highmark, Inc.
Kim Kockler, Executive Director
Managed Care Association of Pennsylvania
Mary Ellen McMillen, Vice President of Leg. Policy
Independence Blue Cross
Gloria Blandina, Blue Cross of NE Pennsylvania
Vince Carrocci, Manager of Government Relations
Capital Blue Cross
Ron G. Lench, PC
Robert Nyce, IRRC
Kris Snader, Insurance Department
Melanie Brown, Health and Human Services Committee