

**HOUSE . . . . . No. 02098**

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The Commonwealth of Massachusetts

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PRESENTED BY:

*Joyce A. Spiliotis*

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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to the electronic submission of claims.

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PETITION OF:

NAME:

*Joyce A. Spiliotis*

DISTRICT/ADDRESS:

*12th Essex*

# HOUSE . . . . . No. 02098

By Ms. Spiliotis of Peabody, a petition (accompanied by bill, House, No. 2098) of Spiliotis relative to the electronic submission of health care claims Joint Committee on Health Care Financing.

## The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to the electronic submission of claims.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 108 of Chapter 175 of the General Laws, as appearing in the Official  
2 Edition, is hereby amended by striking out subsection 4(c) and inserting in place thereof the  
3 following:

4 4(c). Within fifteen days after an insurer's receipt of notice of claim by a claimant or provider  
5 under a policy of accident and sickness insurance which is delivered or issued for delivery in the  
6 commonwealth, and which provides hospital expense, medical expense, surgical expense or  
7 dental expense insurance, the insurer shall furnish such forms as are usually furnished by it for  
8 filing proofs of loss. Within forty-five days from said receipt of notice if payment is not made the  
9 insurer shall notify the claimant in writing specifying the reasons for the nonpayment or  
10 whatever further documentation is necessary for payment of said claim within the terms of the  
11 policy. If the insurer fails to comply with the provisions of this paragraph, said insurer shall pay,

12 in addition to any benefits which inure to such claimant or provider, interest on such benefits,  
13 which shall accrue beginning forty-five days after the insurer's receipt of notice of claim at the  
14 rate of one and one-half percent per month, not to exceed eighteen percent per year. The  
15 provisions of this paragraph relating to interest payments shall not apply to a claim which an  
16 insurer is investigating because of suspected fraud. Beginning on January 1, 2006, the provisions  
17 of this paragraph shall only apply to claims for reimbursement submitted electronically.

18 SECTION 2. Section 110 of Chapter 175 of the General Laws, as appearing in the Official  
19 Edition, is hereby amended by striking out subsection (G) and inserting in place thereof the  
20 following:

21 (G) For purposes of this section the term ""notice of a claim" shall mean any notification whether  
22 in writing or otherwise, to an insurer or its authorized agent, by any person, firm, association, or  
23 corporation asserting right to payment under a policy of insurance which reasonably apprises the  
24 insurer of the existence of a claim.

25 Within fifteen days after an insurer's receipt of notice of claim by a claimant under a general or  
26 blanket policy of accident and sickness insurance which is delivered or issued for delivery in the  
27 commonwealth, and which provides hospital expense, medical expense, surgical expense or  
28 dental expense insurance, the insurer shall furnish such forms as are usually furnished by it for  
29 filing proofs of loss. Within forty-five days from said receipt of notice if payment is not made the  
30 insurer shall notify the claimant in writing specifying the reasons for the nonpayment or  
31 whatever further documentation is necessary for payment of said claim within the terms of the  
32 policy. If the insurer fails to comply with the provisions of this paragraph, said insurer shall pay,  
33 in addition to any benefits which inure to such claimant or provider, interest on such benefits,

34 which shall accrue beginning forty-five days after the insurer's receipt of notice of claim at the  
35 rate of one and one-half percent per month, not to exceed eighteen percent per year. The  
36 provisions of this paragraph relating to interest payments shall not apply to a claim which an  
37 insurer is investigating because of suspected fraud. Beginning on January 1, 2008, the provisions  
38 of this paragraph shall only apply to claims for reimbursement submitted electronically.

39 SECTION 3. Chapter 176G of the General Laws, as appearing in the Official Edition, is hereby  
40 amended by striking out section 6 and inserting in place thereof the following:

41 Section 6. A health maintenance organization may enter into contractual arrangements with any  
42 other person or company for the provision, to the health maintenance organization, of health  
43 services, insurance, reinsurance and administrative, marketing, underwriting or other services on  
44 a nondiscriminatory basis. A health maintenance organization shall not refuse to contract with or  
45 compensate for covered services an otherwise eligible provider solely because such provider has  
46 in good faith communicated with one or more of his current, former or prospective patients  
47 regarding the provisions, terms or requirements of the organization's products as they relate to  
48 the needs of such provider's patients. No contract between a participating provider of health care  
49 services and a health maintenance organization shall be issued or delivered in the commonwealth  
50 unless it contains a provision requiring that within 45 days after the receipt by the organization of  
51 completed forms for reimbursement to the provider of health care services, the health  
52 maintenance organization shall (i) make payments for such services provided, (ii) notify the  
53 provider in writing of the reason or reasons for nonpayment, or (iii) notify the provider in writing  
54 of what additional information or documentation is necessary to complete said forms for such  
55 reimbursement. If the health maintenance organization fails to comply with this paragraph for  
56 any claims related to the provision of health care services, said health maintenance organization

57 shall pay, in addition to any reimbursement for health care services provided, interest on such  
58 benefits, which shall accrue beginning 45 days after the health maintenance organization's  
59 receipt of request for reimbursement at the rate of 1.5 per cent per month, not to exceed 18 per  
60 cent per year. The provisions of this paragraph relating to interest payments shall not apply to a  
61 claim that the health maintenance organization is investigating because of suspected fraud.  
62 Beginning on January 1, 2008, the provisions of this paragraph shall only apply to claims for  
63 reimbursement submitted electronically.

64 SECTION 4. Chapter 176I of the General Laws, as appearing in the Official Edition, is hereby  
65 amended by striking section 2 and inserting in place thereof the following:

66 Section 2. An organization may enter into a preferred provider arrangement with one or more  
67 health care providers upon a determination by the commissioner that the organization and the  
68 arrangement comply with the requirements of this chapter and the regulations hereunder. An  
69 organization shall not condition its willingness to allow any health care provider to participate in  
70 a preferred provider arrangement on such health care provider's agreeing to enter into other  
71 contracts or arrangements with the organization that are not part of or related to such preferred  
72 provider arrangements. An organization shall not refuse to contract with or compensate for  
73 covered services an otherwise eligible participating or nonparticipating provider solely because  
74 such provider has in good faith communicated with one or more of his current, former or  
75 prospective patients regarding the provisions, terms or requirements of the organization's  
76 products as they relate to the needs of such provider's patients. An organization shall submit  
77 information concerning any proposed preferred provider arrangements to the commissioner for  
78 approval in accordance with regulations promulgated by the commissioner. Said regulations shall  
79 comply with the applicable provisions of chapter thirty A of the General Laws. Said information

80 shall include at least the following: (a) a description of the health services and any other benefits  
81 to which the covered person is entitled; (b) a description of the locations where and the manner  
82 in which health services and other benefits may be obtained; (c) a copy of the evidence of  
83 coverage; (d) copies of any contracts with preferred providers; (e) a description of the rating  
84 methodology and rates. The arrangement shall meet the following standards: (a) Standards for  
85 maintaining quality health care, including satisfying any quality assurance regulations  
86 promulgated by any state agency; (b) Standards for controlling health care costs; (c) Standards  
87 for assuring reasonable levels of access of health care services and an adequate number and  
88 geographical distribution of preferred providers to render those services; (d) Standards for  
89 assuring appropriate utilization of health care service; and (e) Other standards deemed  
90 appropriate by the commissioner.

91 No organization may enter into a preferred provider arrangement with one or more health care  
92 providers unless said written arrangement contains a provision requiring that within 45 days after  
93 the receipt by the organization of completed forms for reimbursement to the health care provider,  
94 the organization shall (i) make payments for the provision of such services, (ii) notify the  
95 provider in writing of the reason or reasons for nonpayment, or (iii) notify the provider in writing  
96 of what additional information or documentation is necessary to complete said forms for such  
97 reimbursement. If the organization fails to comply with the provisions of this paragraph for any  
98 claims related to the provision of health care services, said organization shall pay, in addition to  
99 any reimbursement for health care services provided, interest on such benefits, which shall  
100 accrue beginning 45 days after the organization's receipt of request for reimbursement at the rate  
101 of 1.5 per cent per month, not to exceed 18 per cent per year. The provisions of this paragraph  
102 relating to interest payments shall not apply to a claim that the organization is investigating

103 because of suspected fraud. Beginning on January 1, 2008, the provisions of this paragraph shall  
104 only apply to claims for reimbursement submitted electronically.