

**HOUSE . . . . . No. 3131**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***John P. Fresolo***

*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 adoption of the accompanying bill:

An Act relative to the electronic submission of claims.

PETITION OF:

NAME:

DISTRICT/ADDRESS:

*John P. Fresolo*

*16th Worcester*

*John W. Scibak*

*2nd Hampshire*

**HOUSE . . . . . No. 3131**

By Mr. Fresolo of Worcester, a petition (accompanied by bill, House, No. 3131) of John P. Fresolo and John W. Scibak relative to the electronic submission of health insurance claims. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 905 OF 2009-2010.]

**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  
2 Official Edition, is hereby amended by striking out subsection 4(c) and inserting in place thereof  
3 the following:

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

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

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

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

33 policy. If the insurer fails to comply with the provisions of this paragraph, said insurer shall pay,  
34 in addition to any benefits which inure to such claimant or provider, interest on such benefits,  
35 which shall accrue beginning forty-five days after the insurer's receipt of notice of claim at the  
36 rate of one and one-half percent per month, not to exceed eighteen percent per year. The  
37 provisions of this paragraph relating to interest payments shall not apply to a claim which an  
38 insurer is investigating because of suspected fraud. Beginning on January 1, 2008, the provisions  
39 of this paragraph shall only apply to claims for reimbursement submitted electronically.

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

42 Section 6. A health maintenance organization may enter into contractual arrangements  
43 with any other person or company for the provision, to the health maintenance organization, of  
44 health services, insurance, reinsurance and administrative, marketing, underwriting or other  
45 services on a nondiscriminatory basis. A health maintenance organization shall not refuse to  
46 contract with or compensate for covered services an otherwise eligible provider solely because  
47 such provider has in good faith communicated with one or more of his current, former or  
48 prospective patients regarding the provisions, terms or requirements of the organization's  
49 products as they relate to the needs of such provider's patients.

50 No contract between a participating provider of health care services and a health  
51 maintenance organization shall be issued or delivered in the commonwealth unless it contains a  
52 provision requiring that within 45 days after the receipt by the organization of completed forms  
53 for reimbursement to the provider of health care services, the health maintenance organization  
54 shall (i) make payments for such services provided, (ii) notify the provider in writing of the

55 reason or reasons for nonpayment, or (iii) notify the provider in writing of what additional  
56 information or documentation is necessary to complete said forms for such reimbursement. If the  
57 health maintenance organization fails to comply with this paragraph for any claims related to the  
58 provision of health care services, said health maintenance organization shall pay, in addition to  
59 any reimbursement for health care services provided, interest on such benefits, which shall  
60 accrue beginning 45 days after the health maintenance organization's receipt of request for  
61 reimbursement at the rate of 1.5 per cent per month, not to exceed 18 per cent per year. The  
62 provisions of this paragraph relating to interest payments shall not apply to a claim that the  
63 health maintenance organization is investigating because of suspected fraud. Beginning on  
64 January 1, 2008, the provisions of this paragraph shall only apply to claims for reimbursement  
65 submitted electronically.

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

68 Section 2. An organization may enter into a preferred provider arrangement with one or  
69 more health care providers upon a determination by the commissioner that the organization and  
70 the arrangement comply with the requirements of this chapter and the regulations hereunder. An  
71 organization shall not condition its willingness to allow any health care provider to participate in  
72 a preferred provider arrangement on such health care provider's agreeing to enter into other  
73 contracts or arrangements with the organization that are not part of or related to such preferred  
74 provider arrangements. An organization shall not refuse to contract with or compensate for  
75 covered services an otherwise eligible participating or nonparticipating provider solely because  
76 such provider has in good faith communicated with one or more of his current, former or

77 prospective patients regarding the provisions, terms or requirements of the organization's  
78 products as they relate to the needs of such provider's patients.

79 An organization shall submit information concerning any proposed preferred provider  
80 arrangements to the commissioner for approval in accordance with regulations promulgated by  
81 the commissioner. Said regulations shall comply with the applicable provisions of chapter thirty  
82 A of the General Laws. Said information shall include at least the following: (a) a description of  
83 the health services and any other benefits to which the covered person is entitled; (b) a  
84 description of the locations where and the manner in which health services and other benefits  
85 may be obtained; (c) a copy of the evidence of coverage; (d) copies of any contracts with  
86 preferred providers; (e) a description of the rating methodology and rates. The arrangement shall  
87 meet the following standards:

88 (a) Standards for maintaining quality health care, including satisfying any quality  
89 assurance regulations promulgated by any state agency;

90 (b) Standards for controlling health care costs;

91 (c) Standards for assuring reasonable levels of access of health care services and an  
92 adequate number and geographical distribution of preferred providers to render those services;

93 (d) Standards for assuring appropriate utilization of health care service; and

94 (e) Other standards deemed appropriate by the commissioner.

95 No organization may enter into a preferred provider arrangement with one or more health  
96 care providers unless said written arrangement contains a provision requiring that within 45 days  
97 after the receipt by the organization of completed forms for reimbursement to the health care

98 provider, the organization shall (i) make payments for the provision of such services, (ii) notify  
99 the provider in writing of the reason or reasons for nonpayment, or (iii) notify the provider in  
100 writing of what additional information or documentation is necessary to complete said forms for  
101 such reimbursement. If the organization fails to comply with the provisions of this paragraph for  
102 any claims related to the provision of health care services, said organization shall pay, in addition  
103 to any reimbursement for health care services provided, interest on such benefits, which shall  
104 accrue beginning 45 days after the organization's receipt of request for reimbursement at the rate  
105 of 1.5 per cent per month, not to exceed 18 per cent per year. The provisions of this paragraph  
106 relating to interest payments shall not apply to a claim that the organization is investigating  
107 because of suspected fraud. Beginning on January 1, 2008, the provisions of this paragraph shall  
108 only apply to claims for reimbursement submitted electronically.