HOUSE DOCKET, NO. 357 FILED ON: 1/10/2013

HOUSE . . . . . No. 841

The Commonwealth of Massachusetts

PRESENTED BY:

Carlo Basile

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 related to collection of health care co-insurance and deductibles .

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Carlo Basile	*1st Suffolk*
Robert M. Koczera	*11th Bristol*

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HOUSE . . . . . No. 841

By Mr. Basile of Boston, a petition (accompanied by bill, House, No. 841) of Carlo Basile and Robert M. Koczera for legislation to require a carrier to recover all co-insurance and deductible amounts due from patients for covered services. Financial Services.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act related to collection of health care co-insurance and deductibles .

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

Summary: Hospitals, physician offices, health centers, and other health care providers spend significant resources trying to comply with unreasonable administrative requirements imposed by health plans. The most considerable expense is dedicated to the monitoring and collection of co-insurance and deductibles from patients. Unlike co-payments, which providers can easily track and collect since they are a fixed amount and often printed on a patient's insurance card, co-insurance and deductibles are generally unknown at the time of the visit and often result in significant bad debt for hospitals. Health care providers do not know a patient's financial obligations for deductibles and co-insurance until long after services are rendered, the health plan has processed a claim, and the claim is compared to the patient obligation amounts required by the patient's insurance policy. It is not fair that providers are forced to spend considerable staff time and costs to track down this information. Health plans have a distinct financial relationship with patients since they design the benefits that include these payment obligations and possess the claims information that is used to calculate the amounts owed. Therefore, insurers should collect the patient payment obligations as the health management organization hired to manage individual's use of health care services. It is important to note that this bill would still require providers to collect co-payments on services.

SECTION 1: Section 24B of chapter 175 of the General Laws, as appearing in the 2010 Official Edition, is hereby amended by inserting after the first paragraph the following paragraph:

The commissioner shall further require a carrier; as such terms are defined under section 1 of chapter 176O, to recover all co-insurance and deductible amounts due from patients for

22 covered services as required under the carrier's health benefit plan. For purposes of this
23 paragraph, "co-insurance" is defined as a percentage of the allowed charge, after a co-payment,
24 if any, that an insured will pay for covered benefits. A "deductible" is defined as an annual
25 dollar amount that must be paid by an insured for covered benefits that the insured uses before
26 the carrier's health benefit plan becomes obligated to pay for covered benefits; such deductible
27 does not include any portion of premiums paid by an insured. Carriers shall include the co-
28 insurance and deductible amounts due from the insured for covered benefits in their payments to
29 providers; provided however, that such payment shall not be dependent on the carrier recovering
30 the co-insurance and deductible prior to processing and paying a claim made by a provider.
31 Nothing in this section shall prohibit providers and carriers from mutually agreeing to alternative
32 billing and payment processes when it has been determined that the insured has secondary health
33 benefits for the health care services provided. This paragraph shall not pertain to the collection
34 of co-payments, which is a fixed dollar amount structured by the carrier that is paid by an insured
35 to a provider, at the time the insured receives covered services.

36 SECTION 2: The Commissioner of Insurance shall promulgate regulations to enforce the
37 provisions of this Act no later than 90 days after the effective date of the Act, which shall be
38 effective for provider contracts which are entered into, renewed, or amended on or after the
39 regulations effective date.