House Bill 2824

Sponsored by COMMITTEE ON BUSINESS AND LABOR

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Requires health insurer to pay claims pursuant to contract between insurer and provider within certain period of time. Allows provider to bring action to enforce rights. Imposes civil penalty on insurer for nonpayment of unpaid claim.

Declares emergency, effective on passage.

A BILL FOR AN ACT

2 Relating to payment of insurance claims; creating new provisions; amending ORS 743.911; and de-

3 claring an emergency.

4 Be It Enacted by the People of the State of Oregon:

5 **SECTION 1.** ORS 743.911 is amended to read:

6 743.911. (1) Except as provided in this subsection, when a claim [under a health benefit plan] is submitted to [an] a health insurer by a provider [on behalf of an enrollee] pursuant to a contract 7 8 between the provider and the insurer, the insurer shall pay a clean claim or deny the claim not 9 later than 30 days after the date on which the insurer receives the claim. If [an] a health insurer 10 requires additional information before payment of a claim, not later than 30 days after the date on 11 which the insurer receives the claim, the insurer shall notify [the enrollee and] the provider in 12writing and give [the enrollee and] the provider an explanation of the additional information needed to process the claim. The **health** insurer shall pay a clean claim or deny the claim not later than 13 14 30 days after the date on which the insurer receives the additional information.

15 (2) A contract between [an] **a health** insurer and a provider may not include a provision gov-16 erning payment of claims that limits the rights and remedies available to a provider under this 17 section and ORS 743.913 or has the effect of relieving either party of their obligations under this 18 section and ORS 743.913.

19 (3) [An] **A health** insurer shall establish a method of communicating to providers the procedures 20 and information necessary to complete claim forms. The procedures and information must be rea-21 sonably accessible to providers.

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[(4) This section does not create an assignment of payment to a provider.]

[(5)] (4) Each health insurer shall report to the Director of the Department of Consumer and
Business Services annually on its compliance under this section according to requirements established by the director.

[(6)] (5) The director shall adopt by rule a definition of "clean claim" and shall consider the definition of "clean claim" used by the federal Department of Health and Human Services for the payment of Medicare claims.

29 <u>SECTION 2.</u> Sections 3 and 4 of this 2009 Act are added to and made a part of the In-30 surance Code.

HB 2824

1 <u>SECTION 3.</u> (1) A provider may bring an action against a health insurer that violates 2 ORS 743.911 for payment of an unpaid claim and for the provider's attorney fees and costs. 3 (2) An action pursuant to subsection (1) of this section must be commenced within six

4 years after the date on which payment of the claim is due under ORS 743.911.

5 <u>SECTION 4.</u> (1) The Director of the Department of Consumer and Business Services shall 6 impose a civil penalty on a health insurer that violates ORS 743.911 in an amount not less 7 than \$100 per day of violation.

8 (2) Penalties recovered under this section shall be paid into the State Treasury and 9 credited to the Rural Health Services Fund.

(3) The penalty under subsection (1) of this section is in addition to and not in lieu of
other penalties, rights and remedies provided by law or contract.

12 <u>SECTION 5.</u> The amendments to ORS 743.911 by section 1 of this 2009 Act and sections 3 and 4 of this 2009 Act apply to claims for payment submitted by a provider to a health 14 insurer under contracts entered into or renewed on or after the effective date of this 2009 15 Act.

16 <u>SECTION 6.</u> This 2009 Act being necessary for the immediate preservation of the public 17 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect 18 on its passage.

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