

SENATE BILL REPORT

E2SHB 1418

As Reported By Senate Committee On:
Health & Long-Term Care, March 30, 2005

Title: An act relating to regulating insurance overpayment recovery practices.

Brief Description: Regulating insurance overpayment recovery practices.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Kirby, Roach, Simpson, Santos, Campbell, Orcutt, Williams and Serben).

Brief History: Passed House: 3/11/05, 93-0.

Committee Activity: Health & Long-Term Care: 3/28/05, 3/30/05 [DPA].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Franklin, Kastama, Kline and Poulsen.

Staff: Jonathan Seib (786-7427)

Background: A health carrier that reimburses providers for treatment of its enrollees may periodically overpay or underpay due to error or incomplete information regarding the treatment provided. Although current law authorizes the Insurance Commissioner to regulate the content and form of contracts between health carriers and health care providers, the issue of overpayment or underpayment is not explicitly addressed in statute or administrative rule. There is concern that this allows carriers and providers to make inappropriate and unreasonable demands on each other with regard to identifying and addressing inappropriate payments.

Summary of Amended Bill: With some exceptions, a health carrier may not request a refund of a payment previously made to satisfy a claim unless it does so in writing within 24 months of the date of the initial payment, or request that a contested refund be paid any sooner than six months after receipt of the request. If a health care provider fails to contest the request within thirty days of its receipt, the request is deemed accepted and the refund must be paid.

With some exceptions, a health care provider may not request additional payment from a carrier to satisfy a claim unless he or she does so in writing within 24 months of the date the claim was denied or initially paid, or request that the additional payment be made any sooner than six months after receipt of the request.

In cases involving coordination of benefits, the applicable time period is 30 months.

These requirements do not apply to dental-only health carriers, or claims under Medicare or Medicare supplemental plans.

Amended Bill Compared to Original Bill: The striking amendment clarifies the bill, removing inconsistent provisions, reorganizing the sections, and removing or rewording confusing language.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 1, 2006.

Testimony For: Most all provider groups are in favor of this bill. Providers and carriers have reached an agreement on this bill, at least in concept. Providers and carriers should be treated equally when it comes to adjustments for overpayment or underpayment. Currently, contract provisions favor carriers, and providers have little room to negotiate. In some cases, refunds have been requested three or four years after the initial payment. This bill reflects a desire for reasonableness and reciprocity.

Testimony Against: None.

Who Testified: Lori Belinski, Washington State Chiropractic Association; Brad Tower, Optometric Physicians of Washington; Ken Bertrand, Group Health Cooperative.