

1 HB606  
2 129286-2  
3 By Representative Williams (P)  
4 RFD: Health  
5 First Read: 22-MAR-12

SYNOPSIS: This bill would establish a program for health care providers and certain health care insurers, health maintenance organizations, and other related entities to resolve claim disputes by allowing a third-party resolution organization to review and consider the claim dispute and make recommendations to the Department of Public Health regarding resolution of the claims.

This bill would also authorize the department to adopt rules to administer this program.

A BILL  
TO BE ENTITLED  
AN ACT

To provide for the establishment of a statewide claim-dispute-resolution program for health care providers and certain health insurers, health maintenance organizations, and

1 other related entities; and to provide rulemaking authority to  
2 the State Department of Public Health.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. (a) For the purposes of this section, the  
5 following words shall have the following meanings:

6 (1) DEPARTMENT. The State Department of Public  
7 Health.

8 (2) HEALTH BENEFIT PLAN. A health insurance policy,  
9 including a self-insured health plan, that covers hospital,  
10 medical, or surgical expenses, health maintenance  
11 organizations, preferred provider organizations, medical  
12 service organizations, physician-hospital organizations, or  
13 any other person, firm, corporation, joint venture, or other  
14 similar business entity that pays for, purchases, or furnishes  
15 health care services to patients, insureds, or beneficiaries  
16 in this state. The term includes, but is not limited to,  
17 entities created pursuant to Article 6 of Chapter 20 of Title  
18 10A, Code of Alabama 1975.

19 (3) PROVIDER. A medical practitioner, dental  
20 practitioner, medical institution, physician, dentist,  
21 hospital, or other health care provider as the terms are  
22 defined in Section 6-5-481, Code of Alabama 1975.

23 (4) RESOLUTION ORGANIZATION. A qualified independent  
24 third-party claim-dispute-resolution entity selected by and  
25 contracted with the department.

26 (b) (1) The department shall establish a program by  
27 January 1, 2013, to provide assistance to providers and health

1 benefit plans for resolution of claim disputes that are not  
2 resolved by the provider and the health benefit plan. The  
3 department shall contract with a resolution organization to  
4 timely review and consider claim disputes submitted by  
5 providers and health benefit plans and recommend to the  
6 department an appropriate resolution of those disputes. The  
7 department shall establish by rule jurisdictional amounts and  
8 methods of aggregation for claim disputes that may be  
9 considered by the resolution organization.

10 (2) The resolution organization shall review claim  
11 disputes filed by providers and health benefit plans unless  
12 the disputed claim:

13 a. Is related to interest payment.

14 b. Does not meet the jurisdictional amounts or the  
15 methods of aggregation established by department rule, as  
16 provided in subdivision (1).

17 c. Is part of an internal grievance in a Medicare  
18 managed care organization or a reconsideration appeal through  
19 the Medicare appeals process.

20 d. Is related to a health benefit plan that is not  
21 regulated by the state.

22 e. Is part of a Medicaid fair hearing pursued under  
23 42 C.F.R. §§ 431.220 et seq.

24 f. Is the basis for an action pending in state or  
25 federal court.

26 g. Is subject to a binding claim-dispute-resolution  
27 process provided by contract entered into prior to the

1 effective date of this act, between the provider and the  
2 health benefit plan.

3 (3) Contracts entered into or renewed on or after  
4 the effective date of this act may require exhaustion of an  
5 internal dispute-resolution process as a prerequisite to the  
6 submission of a claim by a provider or a health benefit plan  
7 to the resolution organization.

8 (4) A provider or health benefit plan may not file a  
9 claim dispute with the resolution organization more than 12  
10 months after a final determination has been made on a claim by  
11 a health benefit plan or provider.

12 (5) The resolution organization shall require the  
13 health benefit plan or provider submitting the claim dispute  
14 to submit any supporting documentation to the resolution  
15 organization within 15 days after receipt by the health  
16 benefit plan or provider of a request from the resolution  
17 organization for documentation in support of the claim  
18 dispute. The resolution organization may extend the time if  
19 appropriate. Failure to submit the supporting documentation  
20 within such time period shall result in the dismissal of the  
21 submitted claim dispute.

22 (6) The resolution organization shall require the  
23 respondent in the claim dispute to submit all documentation in  
24 support of its position within 15 days after receiving a  
25 request from the resolution organization for supporting  
26 documentation. The resolution organization may extend the time  
27 if appropriate. Failure to submit the supporting documentation

1 within such time period shall result in a default against the  
2 health benefit plan or provider. In the event of a default,  
3 the resolution organization shall issue its written  
4 recommendation to the department that a default be entered  
5 against the defaulting entity. The written recommendation  
6 shall include a recommendation to the department that the  
7 defaulting entity shall pay the entity submitting the claim  
8 dispute the full amount of the claim dispute, plus all accrued  
9 interest, and shall be considered a nonprevailing party for  
10 the purposes of this section.

11 (7) a. If, on an ongoing basis during the preceding  
12 12 months, the department has reason to believe that a pattern  
13 of noncompliance with Section 27-1-17, Code of Alabama 1975,  
14 exists on the part of a particular health benefit plan or  
15 provider, the department shall evaluate the information  
16 contained in these cases to determine whether the information  
17 evidences a pattern and report its findings, together with  
18 substantiating evidence, to the appropriate licensure or  
19 certification entity for the health benefit plan or provider.

20 b. In addition, the department shall prepare a  
21 report to the Governor and the Legislature by February 1 of  
22 each year, enumerating: Claims dismissed; defaults issued; and  
23 failures to comply with department final orders issued under  
24 this section.

25 (c) The department shall adopt rules to establish a  
26 process to be used by the resolution organization in  
27 considering claim disputes submitted by a provider or health

1 benefit plan which shall include the issuance by the  
2 resolution organization of a written recommendation, supported  
3 by findings of fact, to the department within 60 days after  
4 the requested information is received by the resolution  
5 organization within the timeframes specified by the resolution  
6 organization. In no event may the review time exceed 90 days  
7 following receipt of the initial claim dispute submission by  
8 the resolution organization.

9 (d) Within 30 days after receipt of the  
10 recommendation of the resolution organization, the department  
11 shall adopt the recommendation as a final order.

12 (e) The department shall notify within seven days  
13 the appropriate licensure or certification entity of a  
14 violation of a final order issued by the department pursuant  
15 to this section.

16 (f) The entity that does not prevail in the  
17 department's order shall pay a review cost to the review  
18 organization, as determined by department rule. The rule shall  
19 provide for an apportionment of the review fee in any case in  
20 which both parties prevail in part. If the nonprevailing party  
21 fails to pay the ordered review cost within 35 days after the  
22 department's order, the nonpaying party is subject to a  
23 penalty of not more than five hundred dollars (\$500) per day  
24 until the penalty is paid.

25 (g) The department shall have the power to adopt  
26 rules to administer this section.

1                   Section 2. This act shall become effective on the  
2   first day of the third month following its passage and  
3   approval by the Governor, or its otherwise becoming law.