
A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The State's worsening economy has impacted many
2 state programs including those overseen by the department of
3 human services. Frequently, many entities that contract with
4 the department of human services are not reimbursed for services
5 provided in a timely fashion. This is a problem for many
6 entities doing business with the department of human services,
7 including social service agencies as well as contracted health
8 plans providing services to individuals enrolled in state
9 programs.

10 Many health plans in the state contract with the department
11 of human services as a community service. Unfortunately, delays
12 in payments make it increasingly difficult to provide these
13 services during dire economic times.

14 In addition, when health plans do not meet the requirements
15 of Hawaii's clean claims law for the processing and timely
16 payment of claims, interest payments are incurred on these
17 delayed payments. When the State delays payments to health
18 plans for services already provided, the health plan may



1 ultimately end up paying interest on these amounts when the
2 delay is clearly beyond the control of the health plan.

3 To prevent this from continuing to occur, the legislature
4 believes that government-contracted health plans should be
5 exempt from the interest accrual provisions of the clean claims
6 act in those instances in which delays are caused by nonpayment
7 from either the federal or state government.

8 SECTION 2. Section 431:13-108, Hawaii Revised Statutes, is
9 amended as follows:

10 1. By amending subsections (a) and (b) to read:

11 "(a) This section [~~applies~~]:

12 (1) Applies to accident and health or sickness insurance
13 providers under part I of article 10A of chapter 431,
14 mutual benefit societies under article 1 of chapter
15 432, dental service corporations under chapter 423,
16 and health maintenance organizations under chapter
17 432D[-]; and

18 (2) Shall not apply to Medicaid and Medigap claims.

19 (b) Unless shorter payment timeframes are otherwise
20 specified in a contract, an entity shall reimburse [a] an
21 uncontested claim [~~that is not contested or denied~~] not more
22 than thirty calendar days after receiving the claim filed in



1 writing, or fifteen calendar days after receiving the claim
2 filed electronically, as appropriate."

3 2. By amending subsection (e) to read:

4 "(e) If information received pursuant to a request for
5 additional information under subsection (c) is satisfactory to
6 warrant paying the claim, the claim shall be paid not more than
7 thirty calendar days after receiving the additional information
8 in writing, or not more than fifteen calendar days after
9 receiving the additional information filed electronically, as
10 appropriate."

11 3. By amending subsections (g) and (h) to read:

12 "(g) Notwithstanding section 478-2 to the contrary,
13 interest shall be allowed at a rate of fifteen per cent a year
14 for money owed by an entity on payment of a claim exceeding the
15 applicable time limitations under this section, as follows:

16 (1) For an uncontested claim:

17 (A) Filed in writing, interest from the first
18 calendar day after the thirty-day period in
19 subsection (b); or

20 (B) Filed electronically, interest from the first
21 calendar day after the fifteen-day period in
22 subsection (b);



- 1 (2) For a contested claim filed in writing:
- 2 (A) For which notice was provided under subsection
- 3 (c), interest from the first calendar day thirty
- 4 days after the date the additional information is
- 5 received; or
- 6 (B) For which notice was not provided within the time
- 7 specified under subsection (c), interest from the
- 8 first calendar day after the claim is received;
- 9 or
- 10 (3) For a contested claim filed electronically:
- 11 (A) For which notice was provided under subsection
- 12 (c), interest from the first calendar day fifteen
- 13 days after the additional information is
- 14 received; or
- 15 (B) For which notice was not provided within the time
- 16 specified under subsection (c), interest from the
- 17 first calendar day after the claim is received.

18 The commissioner may suspend the accrual of interest if the
19 commissioner determines that the entity's failure to pay a claim
20 within the applicable time limitations was the result of a major
21 disaster or of an unanticipated major computer system failure.

1 Accrual of interest shall be suspended automatically if the
2 entity's failure to pay a claim within the applicable time
3 limitations is the result of late payment to the entity by the
4 state or federal government for services provided to
5 beneficiaries of a government program.

6 (h) Any interest that accrues in a sum of at least \$2 on a
7 delayed [~~clean~~] uncontested claim in this section shall be
8 automatically added by the entity to the amount of the unpaid
9 claim due the provider."

10 4. By amending subsection (j) to read:

11 "(j) As used in this section:

12 "Claim" means any claim, bill, or request for payment for
13 all or any portion of health care services provided by a health
14 care provider of services submitted by an individual or pursuant
15 to a contract or agreement with an entity, using the entity's
16 standard claim form with all required fields completed with
17 correct and complete information.

18 [~~"Clean claim"~~] "Uncontested claim" means a claim in which
19 the information in the possession of an entity adequately
20 indicates that:



- 1 (1) The claim is for a covered health care service
2 provided by an eligible health care provider to a
3 covered person under the contract;
- 4 (2) The claim has no material defect or impropriety;
- 5 (3) There is no dispute regarding the amount claimed; and
- 6 (4) The payer has no reason to believe that the claim was
7 submitted fraudulently.

8 The term does not include:

- 9 (1) Claims for payment of expenses incurred during a
10 period of time when premiums were delinquent;
- 11 (2) Claims that are submitted fraudulently or that are
12 based upon material misrepresentations; and
- 13 ~~[(3) Medicaid or Medigap claims; and~~
- 14 ~~(4)]~~ (3) Claims that require a coordination of benefits,
15 subrogation, or preexisting condition investigations,
16 or that involve third-party liability.

17 "Contest", "contesting", or "contested" means the
18 circumstances under which an entity was not provided with, or
19 did not have reasonable access to, sufficient information needed
20 to determine payment liability or basis for payment of the
21 claim.



1 "Deny", "denying", or "denied" means the assertion by an
2 entity that it has no liability to pay a claim based upon
3 eligibility of the patient, coverage of a service, medical
4 necessity of a service, liability of another payer, or other
5 grounds.

6 "Entity" means accident and health or sickness insurance
7 providers under part I of article 10A of chapter 431, mutual
8 benefit societies under article 1 of chapter 432, dental service
9 corporations under chapter 423, and health maintenance
10 organizations under chapter 432D.

11 "Health care facility" shall have the same meaning as in
12 section 327D-2.

13 "Health care provider" means a Hawaii health care facility,
14 physician, nurse, or any other provider of health care services
15 covered by an entity."

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on January 1, 2050.



Report Title:

Health Plans; Government Services; Interest Payments

Description:

Exempts government-contracted health plans from paying interest under the Clean Claims Law when delays are due to non-payment by government payers to the plans. Clarifies the exemption for Medicaid and Medigap claims. Effective January 1, 2050.

(HB2087 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

