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# A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1           SECTION 1. Medicaid is a state program that provides  
2 health care to certain low-income individuals and families. The  
3 State sets the criteria for eligibility, determines the services  
4 that are available, and administers the program. As with all  
5 states, Hawaii's medicaid program is funded in large part by the  
6 federal government.

7           The legislature finds that medicaid operates in partnership  
8 with Hawaii's health care providers, as it does not directly  
9 employ health care practitioners but rather pays health care  
10 providers for services rendered to medicaid participants.

11           Prior to 1994, medicaid paid providers directly on a fee  
12 for-services basis. In 1994, Hawaii implemented the QUEST  
13 program to provide health care to many medicaid participants  
14 through a managed care approach. Under QUEST, the State  
15 contracts with health care insurance plans to pay each plan a  
16 capitated amount for each participant. The health plans in turn  
17 pay the providers that deliver care to medicaid participants.



1           QUEST Expanded Access was implemented to provide care on a  
2 managed care basis to the medicaid aged, blind, and disabled  
3 population. Quest Integrated has expanded managed care to the  
4 medicaid population that is non-aged, blind, and disabled. The  
5 legislature finds that since the implementation of both  
6 programs, health care providers have experienced many cases of  
7 delayed payments from health care plans contracting with the  
8 State. As a result of these delays, many providers have been  
9 subject to financial difficulties that impact their long-term  
10 ability to deliver quality care.

11           Under section 431:13-108, Hawaii Revised Statutes, health  
12 plans are required to pay providers on a timely basis when  
13 uncontested claims are submitted. Specifically, the law  
14 requires payments to be made within thirty days for uncontested  
15 claims submitted in writing, and within fifteen days for  
16 uncontested claims submitted electronically. Concurrently, the  
17 law contains an exemption for medicaid from requirements for  
18 clean claims. As a result, health plans contracted by the State  
19 under medicaid may delay action on clean claims while health  
20 care providers must endure the financial impacts of these  
21 delays.



1           The purpose of this Act is to clarify that payment  
2 timeframes and interest penalties in section 431:13-108, Hawaii  
3 Revised Statutes, apply to all clean claims except claims to be  
4 paid by medicare or medicare supplement plans, and to repeal the  
5 exemption from the clean claims definition for certain non-  
6 medicare health plans, including those contracting with the  
7 State.

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

10           1. By amending subsection (b) to read:

11           "(b) Unless shorter payment timeframes are otherwise  
12 specified in a contract, an entity shall reimburse a clean claim  
13 or a claim that is not contested or denied not more than thirty  
14 calendar days after receiving the claim filed in writing, or  
15 fifteen calendar days after receiving the claim filed  
16 electronically, as appropriate."

17           2. By amending subsection (g) to read:

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



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



1 (B) For which notice was not provided within the time  
2 specified under subsection (c), interest from the  
3 first calendar day after the claim is received.

4 The commissioner may suspend the accrual of interest if the  
5 commissioner determines that the entity's failure to pay a claim  
6 within the applicable time limitations was the result of a major  
7 disaster or of an unanticipated major computer system failure."

8 3. By amending the definition of "clean claim" in  
9 subsection (1) to read:

10 "Clean claim" ~~[means a claim in which the information in~~  
11 ~~the possession of an entity adequately indicates that]:~~

12 (1) Means a claim in which the information in the  
13 possession of an entity adequately indicates that:

14 ~~[-1-]~~ (A) The claim is for a covered health care service  
15 provided by an eligible health care provider to a  
16 covered person under the contract;

17 ~~[-2-]~~ (B) The claim has no material defect or impropriety;

18 ~~[-3-]~~ (C) There is no dispute regarding the amount claimed;  
19 and

20 ~~[-4-]~~ (D) The payer has no reason to believe that the claim  
21 was submitted fraudulently~~[-]~~; and



1 ~~[The term does]~~

2 (2) Does not include:

3 ~~[(1)]~~ (A) Claims for payment of expenses incurred during a  
4 period of time when premiums were delinquent;

5 ~~[(2)]~~ (B) Claims that are submitted fraudulently or that  
6 are based upon material misrepresentations;

7 ~~[(3)]~~ (C) Claims for ~~[self-insured employer groups; claims~~  
8 ~~for services rendered to individuals associated~~  
9 ~~with a health care entity through a national~~  
10 ~~participating provider network; or claims for~~  
11 ~~medicaid,]~~ medicare, medigap, or other federally  
12 financed ~~[plan,]~~ plans, excluding medicaid; and

13 ~~[(4)]~~ (D) Claims that require a coordination of benefits,  
14 subrogation, or preexisting condition  
15 investigations, or that involve third-party  
16 liability."

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

19 SECTION 4. This Act shall take effect on July 1, 2112.



**Report Title:**

Medicaid; Health Insurance; Payment; Clean Claims

**Description:**

Requires health insurers to promptly pay clean claims for services and repeals the exemption of Medicaid claims from the clean claims definition, as well as claims from self-insured employer groups and claims for services rendered to individuals associated with a health care entity through a national participating provider network. (HB1759 HD2)

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