GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 839
Insurance Committee Substitute Adopted 4/28/99
House Committee Substitute Favorable 5/24/99

Short Title: Insurance Claims Payments/Y2K. (Public)

Sponsors:

Referred to:

April 13, 1999

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE COMMISSIONER OF INSURANCE TO REQUIRE INTERIM CLAIMS PAYMENTS TO PROVIDERS IN THE EVENT CLAIMS CANNOT BE TIMELY PROCESSED DUE TO YEAR 2000 COMPUTER PROBLEMS.

The General Assembly of North Carolina enacts:

Section 1. Effective January 1, 2000, Article 2 of Chapter 58 of the General Statutes is amended by adding the following new section to read:

"**§ 58-2-235. Interim claims payments authorized.**

(a) Every insurer shall report to the Commissioner if it cannot process claims submitted by health care providers in a timely manner due to problems associated with the change in years from 1999 to 2000. The report shall be made within five business days of determining that the problem exists.

(b) The Commissioner shall require an insurer to make interim payments to health care providers if the Commissioner determines, after investigation, that (i) the insurer cannot make claims payments in a timely manner in accordance with the insurer's contractual agreement with the health care provider, or if no contractual agreement exists, within 30 days of receipt of a clean claim and (ii) the insurer's inability to process claims

is the result of Year 2000-related problems in the insurer's electronic systems. In determining the amount of the interim payment, the Commissioner shall use the same methodology, if any, that is applicable and required under federal law for determining the amount of interim payments to health care providers in the event of a Year 2000-related disruption in an insurer's claims processing systems. If there is no applicable federal law governing interim payments in the event of such Year 2000-related problems, the interim payment made by the insurer shall be:

(1) Not less than eighty percent (80%) of the amount paid to the health care provider during the same calendar month of 1999; or

(2) If the health care provider did not submit claims for services to, or was not under contract with, the insurer during the same calendar month in 1999, an amount equal to the average of the most recent three months of claims payable to the health care provider by that insurer.

(c) An interim payment is not considered payment in full unless it equals or exceeds the actual amount due and payable to the health care provider. If an insurer makes an interim payment that exceeds the amount owed to the provider during any payment period, the insurer may recover the excess payment through a remittance adjustment by offsetting current or future payments payable to the provider. If the offset cannot be applied to those payments because they are less than the excess interim payments, the insurer may bill the health care provider for the excess payment, and the provider shall remit payment to the insurer within 30 days thereafter.

(d) As used in this section, the term:

(1) 'Health care provider' means any person who is licensed, registered, or certified under Chapter 90 of the General Statutes; a health care facility as defined in G.S. 131E-176(9)(b); or a pharmacy.

(2) 'Insurer' means an entity that writes a health benefit plan as defined under G.S. 58-3-191 and that is an insurance company subject to this Chapter, a service corporation organized under Article 65 of this Chapter, a health maintenance organization organized under Article 67 of this Chapter, or a multiple employer welfare arrangement subject to Article 49 of this Chapter. The term 'insurer' includes a third-party administrator.

(3) 'Third-party administrator' has the same meaning as defined under G.S. 58-56-2."

Section 2. The Commissioner may adopt temporary rules to implement this act.

Section 3. This act is effective when it becomes law and expires December 31, 2000.