

107TH CONGRESS
2^D SESSION

H. R. 4983

To amend the Employee Retirement Income Security Act of 1974, the Public Health Service Act, and the Internal Revenue Code of 1986 to require that group and individual health insurance coverage and group health plans provide for prompt payment for health benefits claims.

IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 2002

Mr. SANDLIN introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Education and the Workforce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Employee Retirement Income Security Act of 1974, the Public Health Service Act, and the Internal Revenue Code of 1986 to require that group and individual health insurance coverage and group health plans provide for prompt payment for health benefits claims.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Health Benefits Claims
5 Prompt Payment Act of 2002”.

1 **SEC. 2. PROMPT PAYMENT OF CLAIMS.**

2 (a) GROUP HEALTH PLANS.—

3 (1) PUBLIC HEALTH SERVICE ACT AMEND-
4 MENTS.—Subpart 2 of part A of title XXVII of the
5 Public Health Service Act is amended by adding at
6 the end the following new section:

7 **“SEC. 2707. PROMPT PAYMENT OF CLAIMS.**

8 “(a) IN GENERAL.—A group health plan, and a
9 health insurance issuer offering health insurance coverage
10 in connection with a group health plan, shall provide for
11 prompt payment of claims submitted for health care serv-
12 ices or supplies furnished to a participant, beneficiary, or
13 enrollee with respect to benefits covered by the plan or
14 issuer, in a manner that is no less protective than the pro-
15 visions referred to in subsection (b).

16 “(b) PROVISIONS.—The provisions referred to in this
17 subsection are the provisions of section 1842(c)(2) of the
18 Social Security Act (42 U.S.C. 1395u(c)(2)), as modified
19 as follows:

20 “(1) ALTERNATIVE INTEREST RATE.—Instead
21 of applying the interest rate calculated under section
22 3902(a) of title 31, United States Code, the interest
23 rate shall be 1 percent of the payment amount due
24 plus, in the case of payments not made within 25
25 days of the due date, an additional 1 percent inter-
26 est due for every month the payment is past due.

1 “(2) COVERAGE OF 100 PERCENT OF CLAIMS.—
2 The reference in such section 1842(c)(2) to ‘not less
3 than 95 percent of all claims submitted under this
4 part’ shall be deemed to be a reference to ‘100 per-
5 cent of all claims submitted under the plan or cov-
6 erage involved’.

7 “(c) PERMITTING ADDITIONAL PENALTIES.—State
8 Insurance Commissioners may establish and impose mone-
9 tary penalties or other penalties for failure by a group
10 health plan, and a health insurance issuer offering health
11 insurance coverage in connection with a group health plan,
12 to comply with the provisions referred to in subsection
13 (b).”.

14 (2) ERISA AMENDMENTS.—(A) Subpart B of
15 part 7 of subtitle B of title I of the Employee Re-
16 tirement Income Security Act of 1974 is amended by
17 adding at the end the following new section:

18 **“SEC. 714. PROMPT PAYMENT OF CLAIMS.**

19 “(a) IN GENERAL.—A group health plan, and a
20 health insurance issuer offering health insurance coverage
21 in connection with a group health plan, shall provide for
22 prompt payment of claims submitted for health care serv-
23 ices or supplies furnished to a participant or beneficiary
24 with respect to benefits covered by the plan or issuer, in

1 a manner that is no less protective than the provisions
2 referred to in subsection (b).

3 “(b) PROVISIONS.—The provisions referred to in this
4 subsection are the provisions of section 1842(c)(2) of the
5 Social Security Act (42 U.S.C. 1395u(c)(2)), as modified
6 as follows:

7 “(1) ALTERNATIVE INTEREST RATE.—Instead
8 of applying the interest rate calculated under section
9 3902(a) of title 31, United States Code, the interest
10 rate shall be 1 percent of the payment amount due
11 plus, in the case of payments not made within 25
12 days of the due date, an additional 1 percent inter-
13 est due for every month the payment is past due.

14 “(2) COVERAGE OF 100 PERCENT OF CLAIMS.—
15 The reference in such section 1842(c)(2) to ‘not less
16 than 95 percent of all claims submitted under this
17 part’ shall be deemed to be a reference to ‘100 per-
18 cent of all claims submitted under the plan or cov-
19 erage involved’.

20 “(c) PERMITTING ADDITIONAL PENALTIES.—State
21 Insurance Commissioners may establish and impose mone-
22 tary penalties or other penalties for failure by a group
23 health plan, and a health insurance issuer offering health
24 insurance coverage in connection with a group health plan,

1 to comply with the provisions referred to in subsection
2 (b).”.

3 (B) The table of contents in section 1 of such
4 Act is amended by inserting after the item relating
5 to section 713 the following new item:

“Sec. 714. Prompt payment of claims.”.

6 (3) INTERNAL REVENUE CODE AMEND-
7 MENTS.—

8 (A) IN GENERAL.—Subchapter B of chap-
9 ter 100 of the Internal Revenue Code of 1986
10 is amended—

11 (i) in the table of sections, by insert-
12 ing after the item relating to section 9812
13 the following new item:

“Sec. 9813. Prompt payment of claims.”;

14 and

15 (ii) by inserting after section 9812 the
16 following:

17 **“SEC. 9813. PROMPT PAYMENT OF CLAIMS.**

18 “(a) A group health plan shall provide for prompt
19 payment of claims submitted for health care services or
20 supplies furnished to a participant or beneficiary with re-
21 spect to benefits covered by the plan, in a manner that
22 is no less protective than the provisions referred to in sub-
23 section (b).

1 “(b) PROVISIONS.—The provisions referred to in this
2 subsection are the provisions of section 1842(c)(2) of the
3 Social Security Act (42 U.S.C. 1395u(c)(2)), as modified
4 as follows:

5 “(1) ALTERNATIVE INTEREST RATE.—Instead
6 of applying the interest rate calculated under section
7 3902(a) of title 31, United States Code, the interest
8 rate shall be 1 percent of the payment amount due
9 plus, in the case of payments not made within 25
10 days of the due date, an additional 1 percent inter-
11 est due for every month the payment is past due.

12 “(2) COVERAGE OF 100 PERCENT OF CLAIMS.—
13 The reference in such section 1842(c)(2) to ‘not less
14 than 95 percent of all claims submitted under this
15 part’ shall be deemed to be a reference to ‘100 per-
16 cent of all claims submitted under the plan involved’.

17 “(c) PERMITTING ADDITIONAL PENALTIES.—State
18 Insurance Commissioners may establish and impose mone-
19 tary penalties or other penalties for failure by a group
20 health plan to comply with the provisions referred to in
21 subsection (b).”.

22 “(b) INDIVIDUAL HEALTH INSURANCE.—Part B of
23 title XXVII of the Public Health Service Act is amended
24 by inserting after section 2752 the following new section:

1 **“SEC. 2753. PROMPT PAYMENT OF CLAIMS.**

2 “The provisions of section 2707 shall apply to health
3 insurance coverage offered by a health insurance issuer
4 in the individual market in the same manner as they apply
5 to health insurance coverage offered by a health insurance
6 issuer in connection with a group health plan in the small
7 or large group market.”.

8 (c) PROTECTION OF STATES’ RIGHTS.—Any issue re-
9 lating to prompt payment for health care services or sup-
10 plies that is not governed by any provision of law as
11 amended by this section shall be governed by otherwise
12 applicable State or Federal law. This section (and the pro-
13 visions amended by this section) does not preempt or
14 supercede any law that imposes shorter time frames for
15 payment, greater penalties for non-payment, and, in gen-
16 eral, provides greater assurances that group health plans
17 and health insurance issuers provide for prompt payment
18 of claims submitted for health care services or supplies
19 furnished to a participant, beneficiary, or enrollee with re-
20 spect to benefits covered by the plan or issuer.

21 (d) EFFECTIVE DATES.—

22 (1) GROUP HEALTH PLANS AND GROUP
23 HEALTH INSURANCE COVERAGE.—The amendments
24 made by subsection (a) apply with respect to group
25 health plans for plan years beginning on or after
26 January 1, 2003.

1 (2) INDIVIDUAL HEALTH INSURANCE COV-
2 ERAGE.—The amendment made by subsection (b)
3 apply with respect to health insurance coverage of-
4 fered, sold, issued, renewed, in effect, or operated in
5 the individual market on or after such date.

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