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BULLETIN NO. 2004-2

March 12, 2004

TO: ALL HEALTH AND ACCIDENT INSURERS LICENSED IN THE STATE OF MISSISSIPPI

RE: TIMELY PAYMENT OF HEALTH INSURANCE CLAIMS

As you know, the 2002 session of the Mississippi Legislature yielded important consumer protection legislation establishing new rules for the timely payment of health insurance claims. It is the purpose of this Bulletin to once again remind insurers writing accident and sickness insurance in this State of the requirements of the new timely payment provisions and to advise of future compliance activities to be conducted by the Mississippi Department of Insurance ("Department").

Miss. Code Ann. § 83-9-5(1)(h) (Supp. 2003), which became effective January 1, 2003, amended previous timely payment rules by prescribing new rules which more adequately address the complex health insurance marketplace of today. These new rules include the following:

- Benefits payable under an individual or group health insurance policy must be paid within twenty-five (25) days after receipt of a clean claim where claims are submitted electronically, and within thirty-five (35) days where claims are submitted in paper format.
- A clean claim is a claim received by an insurer which requires no further information, adjustment or alteration by the provider of the services or the insured in order to be processed and paid by the insurer. A clean claim includes resubmitted claims with previously identified deficiencies corrected.
- Clean claims do not include the following:

  (a) duplicate claims filed within thirty (30) days of the original claim;

  (b) fraudulent claims;

  (c) claims that require preexisting condition, coordination of benefits or subrogation information;

  (d) claims submitted by a provider more than thirty (30) days after the date of service;

(e) claims submitted by an insured (where the provider does not file) more than thirty (30) days after the date of billing by the provider to the insured.

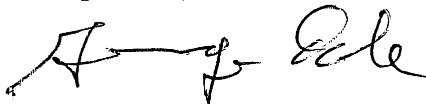
- A claim or portion of a claim which was not originally submitted as a clean claim, but which was resubmitted with the appropriate supporting documentation requested by the insurer, must be paid within twenty (20) days after receipt.

- If a claim is not denied for valid and proper reasons by the end of the applicable time period, the insurer must pay the provider (where the claim is owed to the provider), or the insured (where the claim is owed to the insured), interest on accrued benefits at the rate of one and one-half percent (1-1/2%) per month accruing from the day after payment was due on the amount of the benefits that remain unpaid until the claim is finally settled. Insurers failing to pay a clean claim within the prescribed time frame should add the appropriate interest penalty amount to the claim payment.

- The Commissioner of Insurance ("Commissioner") may examine insurers to determine their level of compliance with the timely pay provisions of § 83-9-5(1)(h), and may levy administrative penalties of up to $200,000.00 for instances of noncompliance.

The Commissioner will be commencing target examinations in the second quarter of 2004 to ensure that carriers are complying with the timely payment rules discussed herein. Please contact the Legal Division of the Department at (601) 359-3577 should you have any questions regarding this Bulletin.

Respectfully,



George Dale
Commissioner of Insurance