

1 ENGROSSED SENATE
2 BILL NO. 550

By: Newhouse of the Senate

3 and

4 McEntire of the House
5

6 An Act relating to health insurance; amending 36 O.S.
7 2011, Section 1219, which relates to processing
8 claims; requiring insurer to provide specific reason
9 for denial of clean claims and partial clean claims
10 to certain persons within thirty days; requiring
11 insurer to include instructions for appealing denial;
12 authorizing certain persons to submit written appeal
13 after denial; requiring insurer to provide certain
14 response to appeal and contact information of
15 department of appeals; and providing an effective
16 date.

17 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

18 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1219, is
19 amended to read as follows:

20 Section 1219. A. In the administration, servicing, or
21 processing of any accident and health insurance policy, every
22 insurer shall reimburse all clean claims of an insured, an assignee
23 of the insured, or a health care provider within forty-five (45)
24 calendar days after receipt of the claim by the insurer.

B. As used in this section:

1. "Accident and health insurance policy" or "policy" means any
policy, certificate, contract, agreement or other instrument that

1 provides accident and health insurance, as defined in Section 703 of
2 this title, to any person in this state, and any subscriber
3 certificate or any evidence of coverage issued by a health
4 maintenance organization to any person in this state;

5 2. "Clean claim" means a claim that has no defect or
6 impropriety, including a lack of any required substantiating
7 documentation or particular circumstance requiring special
8 treatment that impedes prompt payment; and

9 3. "Insurer" means any entity that provides an accident and
10 health insurance policy in this state, including, but not limited
11 to, a licensed insurance company, a not-for-profit hospital service
12 and medical indemnity corporation, a health maintenance
13 organization, a fraternal benefit society, a multiple employer
14 welfare arrangement, or any other entity subject to regulation by
15 the Insurance Commissioner.

16 C. If a claim or any portion of a claim is determined to have
17 defects or improprieties, including a lack of any required
18 substantiating documentation or particular circumstance requiring
19 special treatment, the insured, enrollee or subscriber, assignee of
20 the insured, enrollee or subscriber, and health care provider shall
21 be notified in writing within thirty (30) calendar days after
22 receipt of the claim by the insurer. The written notice shall
23 specify the portion of the claim that is causing a delay in
24 processing and explain any additional information or corrections

1 needed. Failure of an insurer to provide the insured, enrollee or
2 subscriber, assignee of the insured, enrollee or subscriber, and
3 health care provider with the notice shall constitute prima facie
4 evidence that the claim will be paid in accordance with the terms of
5 the policy. Provided, if a claim is not submitted into the system
6 due to a failure to meet basic Electronic Data Interchange (EDI)
7 and/or Health Insurance Portability and Accountability Act (HIPAA)
8 edits, electronic notification of the failure to the submitter shall
9 be deemed compliance with this subsection. Provided further, health
10 maintenance organizations shall not be required to notify the
11 insured, enrollee or subscriber, or assignee of the insured,
12 enrollee or subscriber of any claim defect or impropriety.

13 ~~D.~~ Upon receipt of the additional information or corrections
14 which led to the claim's being delayed and a determination that the
15 information is accurate, an insurer shall either pay or deny the
16 claim or a portion of the claim within forty-five (45) calendar
17 days.

18 D. If a clean claim or any portion of a clean claim is denied
19 for any reason, the insured, enrollee or subscriber, assignee of the
20 insured, enrollee or subscriber, and health care provider shall be
21 notified in writing within thirty (30) calendar days after receipt
22 of the claim by the insurer. The written notice shall specify in
23 detail the reason for the denial including instructions on where a
24 person or entity that received notification may respond through

dedicated facsimile or electronic mail message or the address or
electronic mail message address of the department of appeals of the
insurer. Upon receiving written notice of denial, a recipient may
submit a detailed appeal in writing explaining why the claim should
be approved. If the insurer denies the appeal, the insurer shall
address in writing the specific details included in the written
appeal and provide the phone number of a health plan representative
at the department of appeals of the insurer.

E. Payment shall be considered made on:

1. The date a draft or other valid instrument which is
equivalent to the amount of the payment is placed in the United
States mail in a properly addressed, postpaid envelope; or

2. If not so posted, the date of delivery.

F. An overdue payment shall bear simple interest at the rate of
ten percent (10%) per year.

G. In the event litigation should ensue based upon such a
claim, the prevailing party shall be entitled to recover a
reasonable attorney fee to be set by the court and taxed as costs
against the party or parties who do not prevail.

H. The Insurance Commissioner shall develop a standardized
prompt pay form for use by providers in reporting violations of
prompt pay requirements. The form shall include a requirement that
documentation of the reason for the delay in payment or
documentation of proof of payment must be provided within ten (10)

days of the filing of the form. The Commissioner shall provide the form to health maintenance organizations and providers.

I. The provisions of this section shall not apply to the Oklahoma Life and Health Insurance Guaranty Association or to the Oklahoma Property and Casualty Insurance Guaranty Association.

SECTION 2. This act shall become effective November 1, 2021.

Passed the Senate the 10th day of March, 2021.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2021.

Presiding Officer of the House
of Representatives