

# SENATE BILL REPORT

## SB 5579

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As of February 15, 2005

**Title:** An act relating to regulating insurance overpayment recovery practices.

**Brief Description:** Regulating insurance overpayment recovery practices.

**Sponsors:** Senators Keiser, Benton, Fairley, Berkey, Thibaudeau, McAuliffe, Zarelli, Kastama, Hewitt, Delvin and Shin.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/16/05.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Staff:** Sharon Swanson (786-7447)

**Background:** A health carrier that reimburses providers for treatment of its enrollees may periodically overpay, or allege overpayment, due to error in incomplete information regarding the treatment provided. Although current law authorizes the Insurance Commissioner to regulate the content and form of contracts between health carriers and health care providers, the issue of overpayments is not explicitly addressed in statute or administrative rule. There is concern that this allows carriers to make inappropriate and unreasonable demands on providers with regard to the identification and collection of such overpayments.

**Summary of Bill:** Except in cases of fraud or coordination of benefits, a health carrier may not retroactively deny, adjust, or seek recoupment or refund of a claim paid to a health care provider more than one year after the payment was made.

In cases involving coordination of benefits, a health carrier may not retroactively deny, adjust, or seek recoupment or refund of a claim paid to a health care provider more than 18 months after the payment was made.

Whenever a carrier does retroactively deny, adjust, or seek recoupment or refund of a claim paid, it must issue to the health care provider a notice that includes particular information specified in the bill. The provider may dispute the action of the carrier within 30 days of receiving the notice, in which case no repayment is due until the provider has exhausted available legal remedies. The provider also has six months from the date the notice is received to file a revised claim, request a reconsideration, or, in the case of coordination of benefits, seek reimbursement from the entity responsible for payment.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.