OLR Bill Analysis

sHB 5377 (as amended by House "A")*

AN ACT CONCERNING RETURN OF HEALTH CARE PROVIDER PAYMENTS AND SITE OF SERVICE BILLING REQUIREMENTS.

SUMMARY

This bill makes changes to laws regarding claim payments and appeals between health care providers (for example, physicians) and (1) contracting health organizations (managed care organizations and preferred provider networks) or (2) health insurance carriers (for example, insurance companies, hospital or medical service corporations, HMOs, or fraternal benefit societies).

For contracting health organizations' provider claim payment and appeals processes, the bill:

1. reduces, from 18 months to 12 months, the time period after receiving a clean (complete and error-free) claim during which a contracting health organization may generally cancel, deny, or demand full or partial return of payment from a health care provider due to an administrative or eligibility error;

2. allows organizations to use a secure electronic provider portal or electronic clearinghouse used for claims or remittance communications to give providers the 30-day minimum advance notice of a payment cancellation, denial, or demand, notice required by law;

3. specifies that if the above notice is sent by (a) mail, it must be sent by certified mail, return receipt requested, or (b) email, it must be sent to an email address the provider designates; and

4. requires the organization to notify the provider of its appeal determination within 30 business days after receiving the provider's appeal, otherwise the appeal must be construed in the

provider's favor.

It also applies the provider claim payment and appeals provisions that apply to contracting health organizations, under existing law and the bill, to health insurance carriers that deliver, issue, renew, amend, or continue certain individual or group health insurance policies in Connecticut on or after January 1, 2027.

*House Amendment "A" (1) reduces, from 15 months to 12 months, the time limit in the underlying bill by which a health organization may take an adverse action on a full or partial payment of an authorized service; (2) increases, from 12 business days to 30 business days, the time limit in the underlying bill by which health organizations must notify providers of an appeal determination; (3) deletes the provision in the underlying bill on off-site facility billing requirements; and (4) applies the claim payment and appeals provisions that apply to contracting health organizations under existing law and the bill to certain health insurance carriers.

EFFECTIVE DATE: January 1, 2027, and applicable to individual and group health insurance policies delivered, issued for delivery, renewed, amended, or continued in Connecticut on or after that date.

PROVIDER CLAIM PAYMENT AND APPEALS PROCESSES

Contracting Health Organizations

Time Limit. Current law generally prohibits a contracting health organization from canceling, denying, or demanding the return of full or partial payment for an authorized covered service, due to administrative or eligibility error, more than 18 months after receiving the clean claim. The bill reduces this to 12 months after receiving the clean claim.

Under existing law, unchanged by the bill, the time limit does not apply if the:

1. organization (a) has a documented basis to believe that the provider fraudulently submitted the claim, (b) already paid the provider for the claim, or (c) paid a claim that should have been

or was paid by a federal or state program; or

2. provider (a) did not bill the claim appropriately based on documentation or evidence of what medical service was provided or (b) received payment from a different insurer, payor, or administrator through coordination of benefits, subrogation, or coverage under an automobile insurance or workers' compensation policy.

Advance Notice. Under existing law, an organization must give a provider at least 30 days' advance notice of a payment cancellation, denial, or return demand by mail, email, or fax. The bill specifies that if the notice is sent by mail, it must be sent by certified mail, return receipt requested; and if it is sent by email, it must be sent to the provider's designated email. The bill also gives organizations the option of providing this notice through a secure electronic provider portal or electronic clearinghouse used for claims or remittance communications.

Appeal. By law, a provider may appeal, in accordance with the organization's procedures, a payment cancellation, denial, or return demand within 30 days after receiving notice of it. Current law does not specify a mode for the appeal process. The bill explicitly requires organizations to have an electronic appeal process available to providers but allows them to have additional means to appeal available.

Further, the bill requires the organization to notify the provider of the appeal determination within 30 days after receiving the appeal. Under the bill, if the organization fails to do so, then the appeal must be construed in the provider's favor.

Existing law, unchanged by the bill, requires a payment return demand to be stayed (postponed) during the appeal.

Health Insurance Carriers

The bill applies the provider claim payment and appeals provisions that apply to contracting health organizations, under existing law and the bill (as described above), to health insurance carriers that deliver, issue, renew, amend, or continue individual or group health insurance

policies in Connecticut on or after January 1, 2027, that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including those provided under an HMO plan. (Because of the federal Employee Retirement Income Security Act (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.)

BACKGROUND

Related Bill

SB 341 (File 209), favorably reported by the Insurance and Real Estate Committee, has similar provisions on (1) provider payment, cancellation, denial, and return and (2) the appeal determination notice.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute
Yea 13 Nay 0 (03/12/2026)