

105TH CONGRESS  
2D SESSION

# H. R. 4413

To amend the Public Health Service Act, the Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to assure prompt payment of participating providers under health plans.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 5, 1998

Mr. McDERMOTT introduced the following bill; which was referred to the Committee on 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

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## A BILL

To amend the Public Health Service Act, the Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to assure prompt payment of participating providers under health plans.

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 “Participating Provider  
5       Prompt Payment Act of 1998”.

1 **SEC. 2. ASSURING PROMPT PAYMENT UNDER HEALTH**  
2 **PLANS.**

3 (a) GROUP HEALTH PLANS.—

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

8 **“SEC. 2706. STANDARDS RELATING TO PROMPT PAYMENT.**

9 “A group health plan, and a health insurance issuer  
10 offering group health insurance coverage, shall provide  
11 prompt payment (consistent with the standards applied to  
12 Medicare+Choice plans under section 1857(f) of the So-  
13 cial Security Act) to claims submitted for covered items  
14 and services that are not furnished by a nonparticipating  
15 provider (or in the case of a plan or coverage that is a  
16 private fee-for-service plan of the type described in section  
17 1859(b)(2) of such Act, if the claim is submitted to the  
18 plan or issuer by a participant, beneficiary, or enrollee).”.

19 (2) ERISA AMENDMENTS.—

20 (A) IN GENERAL.—Subpart B of part 7 of  
21 subtitle B of title I of the Employee Retirement  
22 Income Security Act of 1974 is amended by  
23 adding at the end the following new section:

24 **“SEC. 713. STANDARDS RELATING TO PROMPT PAYMENT.**

25 “A group health plan, and a health insurance issuer  
26 offering group health insurance coverage, shall provide

1 prompt payment (consistent with the standards applied to  
 2 Medicare+Choice plans under section 1857(f) of the So-  
 3 cial Security Act) to claims submitted for covered items  
 4 and services that are not furnished by a nonparticipating  
 5 provider (or in the case of a plan or coverage that is a  
 6 private fee-for-service plan of the type described in section  
 7 1859(b)(2) of such Act, if the claim is submitted to the  
 8 plan or issuer by a participant, beneficiary, or enrollee).”.

9 (B) CLERICAL AMENDMENT.—The table of  
 10 contents in section 1 of the Employee Retirement  
 11 Income Security Act of 1974 is amended  
 12 by inserting after the item relating to section  
 13 712 the following new item:

“Sec. 713. Standards relating to prompt payment.”.

14 (3) INTERNAL REVENUE CODE AMEND-  
 15 MENTS.—

16 (A) IN GENERAL.—Subchapter B of chap-  
 17 ter 100 of the Internal Revenue Code of 1986  
 18 (relating to other requirements) is amended by  
 19 adding at the end the following new section:

20 **“SEC. 9813. STANDARDS RELATING TO PROMPT PAYMENT.**

21 “A group health plan shall provide prompt payment  
 22 (consistent with the standards applied to  
 23 Medicare+Choice plans under section 1857(f) of the So-  
 24 cial Security Act) to claims submitted for covered items  
 25 and services that are not furnished by a nonparticipating

1 provider (or in the case of a plan that is a private fee-  
 2 for-service plan of the type described in section 1859(b)(2)  
 3 of such Act, if the claim is submitted to the plan by a  
 4 participant or beneficiary).”.

5 (B) CLERICAL AMENDMENT.—The table of  
 6 sections of such subchapter of such chapter is  
 7 amended by adding at the end the following  
 8 new item:

“Sec. 9813. Standards relating to prompt payment.”

9 (b) INDIVIDUAL HEALTH INSURANCE.—Part B of  
 10 title XXVII of the Public Health Service Act is amended  
 11 by inserting after section 2751 the following new section:

12 **“SEC. 2752. STANDARDS RELATING TO PROMPT PAYMENT.**

13 “The provisions of section 2706 shall apply to health  
 14 insurance coverage offered by a health insurance issuer  
 15 in the individual market in the same manner as it applies  
 16 to health insurance coverage offered by a health insurance  
 17 issuer in connection with a group health plan in the small  
 18 or large group market.”.

19 (c) EFFECTIVE DATES.—

20 (1) GROUP HEALTH PLANS.—The amendments  
 21 made by subsection (a) shall apply with respect to  
 22 group health plans (and health insurance coverage  
 23 offered in connection with such plans) for plan years  
 24 beginning on or after January 1, 1999.

1           (2) INDIVIDUAL MARKET.—The amendment  
2       made by subsection (b) shall apply with respect to  
3       health insurance coverage offered, sold, issued, re-  
4       newed, in effect, or operated in the individual mar-  
5       ket on or after such date.

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