

107TH CONGRESS  
1ST SESSION

# H. R. 287

To amend title XXVII of the Public Health Service Act, title I of the Employee Retirement Income Security Act of 1974, the Internal Revenue Code of 1986, and title XVIII of the Social Security Act to require that group and individual health insurance coverage, group health plans, and Medicare+Choice organizations provide prompt payment of claims.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 30, 2001

Mrs. MCCARTHY of New York (for herself and Mr. KING) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, and Education and the Workforce, 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 title XXVII of the Public Health Service Act, title I of the Employee Retirement Income Security Act of 1974, the Internal Revenue Code of 1986, and title XVIII of the Social Security Act to require that group and individual health insurance coverage, group health plans, and Medicare+Choice organizations provide prompt payment of claims.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Prompt Payment of  
3 Health Benefit Claims Act of 2001”.

4 **SEC. 2. PROMPT PAYMENT OF HEALTH BENEFIT CLAIMS BY**  
5 **GROUP HEALTH PLANS AND HEALTH INSUR-**  
6 **ANCE ISSUERS.**

7 (a) GROUP HEALTH PLANS.—

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

12 **“SEC. 2707. STANDARD RELATING TO PROMPT PAYMENT OF**  
13 **CLAIMS.**

14 “A group health plan, and a health insurance issuer  
15 offering group health insurance coverage, shall—

16 “(1) pay the claim to a participant or bene-  
17 ficiary, or make a payment to a health care provider,  
18 within 15 business days of the date of the claim or  
19 bill for services rendered (in the case of a claim or  
20 bill transmitted electronically) or within 30 business  
21 days of such date for other claims or bills submitted  
22 in writing; and

23 “(2) shall accept as a clean claim a claim that  
24 is submitted consistent with the standards adopted  
25 under part C of title XI of the Social Security Act

1 (as added by section 262 of the Health Insurance  
2 Portability and Accountability Act of 1996).”.

3 (2) ERISA AMENDMENTS.—(A) Subpart B of  
4 part 7 of subtitle B of title I of the Employee Re-  
5 tirement Income Security Act of 1974 is amended by  
6 adding at the end the following new section:

7 **“SEC. 714. STANDARD RELATING TO PROMPT PAYMENT OF**  
8 **CLAIMS.**

9 “A group health plan, and a health insurance issuer  
10 offering group health insurance coverage, shall—

11 “(1) pay the claim to a participant or bene-  
12 ficiary, or make a payment to a health care provider,  
13 within 15 business days of the date of the claim or  
14 bill for services rendered (in the case of a claim or  
15 bill transmitted electronically) or within 30 business  
16 days of such date for other claims or bills submitted  
17 in writing; and

18 “(2) shall accept as a clean claim a claim that  
19 is submitted consistent with the standards adopted  
20 under part C of title XI of the Social Security Act  
21 (as added by section 262 of the Health Insurance  
22 Portability and Accountability Act of 1996).”.

23 (B) Section 732(a) of such Act (29 U.S.C.  
24 1191a(a)) is amended by striking “section 711” and  
25 inserting “sections 711 and 714”.

1 (C) The table of contents in section 1 of such  
 2 Act is amended by inserting after the item relating  
 3 to section 713 the following new item:

“Sec. 714. Standard relating to prompt payment of claims.”.

4 (3) INTERNAL REVENUE CODE AMEND-  
 5 MENTS.—

6 (A) IN GENERAL.—Subchapter B of chap-  
 7 ter 100 of the Internal Revenue Code of 1986  
 8 is amended—

9 (i) in the table of sections, by insert-  
 10 ing after the item relating to section 9812  
 11 the following new item:

“Sec. 9813. Standard relating to prompt payment of claims.”;  
 and

12 (ii) by inserting after section 9812 the  
 13 following:

14 **“SEC. 9813. STANDARD RELATING TO PROMPT PAYMENT OF**  
 15 **CLAIMS.**

16 “A group health plan shall—

17 “(1) pay the claim to a participant or bene-  
 18 ficiary, or make a payment to a health care provider,  
 19 within 15 business days of the date of the claim or  
 20 bill for services rendered (in the case of a claim or  
 21 bill transmitted electronically) or within 30 business  
 22 days of such date for other claims or bills submitted  
 23 in writing; and

1 “(2) shall accept as a clean claim a claim that  
 2 is submitted consistent with the standards adopted  
 3 under part C of title XI of the Social Security Act  
 4 (as added by section 262 of the Health Insurance  
 5 Portability and Accountability Act of 1996).”.

6 (B) CONFORMING AMENDMENT.—Section  
 7 4980D(d)(1) of such Code is amended by strik-  
 8 ing “section 9811” and inserting “sections  
 9 9811 and 9813”.

10 (b) INDIVIDUAL HEALTH INSURANCE.—Part B of  
 11 title XXVII of the Public Health Service Act is amended  
 12 by inserting after section 2752 the following new section:  
 13 **“SEC. 2753. STANDARD RELATING PATIENT FREEDOM OF**  
 14 **CHOICE.**

15 “The provisions of section 2707 shall apply to health  
 16 insurance coverage offered by a health insurance issuer  
 17 in the individual market in the same manner as they apply  
 18 to health insurance coverage offered by a health insurance  
 19 issuer in connection with a group health plan in the small  
 20 or large group market.”.

21 (c) EFFECTIVE DATES.—

22 (1) GROUP HEALTH PLANS AND GROUP  
 23 HEALTH INSURANCE COVERAGE.—Subject to para-  
 24 graph (3), the amendments made by subsection (a)

1       apply with respect to group health plans for plan  
2       years beginning on or after January 1, 2002.

3           (2) INDIVIDUAL HEALTH INSURANCE COV-  
4       ERAGE.—The amendment made by subsection (b)  
5       apply with respect to health insurance coverage of-  
6       fered, sold, issued, renewed, in effect, or operated in  
7       the individual market on or after such date.

8           (3) COLLECTIVE BARGAINING EXCEPTION.—In  
9       the case of a group health plan maintained pursuant  
10      to 1 or more collective bargaining agreements be-  
11      tween employee representatives and 1 or more em-  
12      ployers ratified before the date of enactment of this  
13      Act, the amendments made subsection (a) shall not  
14      apply to plan years beginning before the later of—

15           (A) the date on which the last collective  
16           bargaining agreements relating to the plan ter-  
17           minates (determined without regard to any ex-  
18           tension thereof agreed to after the date of en-  
19           actment of this Act), or

20           (B) January 1, 2002.

21      For purposes of subparagraph (A), any plan amend-  
22      ment made pursuant to a collective bargaining  
23      agreement relating to the plan which amends the  
24      plan solely to conform to any requirement added by

1 subsection (a) shall not be treated as a termination  
2 of such collective bargaining agreement.

3 (d) COORDINATION OF ADMINISTRATION.—The Sec-  
4 retary of Labor, the Secretary of the Treasury, and the  
5 Secretary of Health and Human Services shall ensure,  
6 through the execution of an interagency memorandum of  
7 understanding among such Secretaries, that—

8 (1) regulations, rulings, and interpretations  
9 issued by such Secretaries relating to the same mat-  
10 ter over which two or more such Secretaries have re-  
11 sponsibility under the provisions of this Act (and the  
12 amendments made thereby) are administered so as  
13 to have the same effect at all times; and

14 (2) coordination of policies relating to enforcing  
15 the same requirements through such Secretaries in  
16 order to have a coordinated enforcement strategy  
17 that avoids duplication of enforcement efforts and  
18 assigns priorities in enforcement.

19 **SEC. 3. PROMPT PAYMENT BY MEDICARE+CHOICE ORGANI-**  
20 **ZATIONS IN ALL LINES OF BUSINESS.**

21 (a) IN GENERAL.—Section 1857(f)(1) of the Social  
22 Security Act (42 U.S.C. 1395w–27(f)(1)) is amended by  
23 inserting “and to individuals enrolled with the organiza-  
24 tion through other lines of business (including private

1 health benefits coverage)” after “to enrollees pursuant to  
2 the contract”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 subsection (a) shall apply to contract years beginning on  
5 or after January 1, 2002.

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