

108TH CONGRESS
1ST SESSION

H. R. 848

To amend the Employee Retirement Income Security Act of 1974, the Public Health Service Act, and the Internal Revenue Code of 1986 to require that group and individual health insurance coverage and group health plans provide for prompt payment for health benefits claims.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2003

Mr. SANDLIN introduced the following bill; which was referred to the Committee on Energy and 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

A BILL

To amend the Employee Retirement Income Security Act of 1974, the Public Health Service Act, and the Internal Revenue Code of 1986 to require that group and individual health insurance coverage and group health plans provide for prompt payment for health benefits claims.

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 “Health Benefits Claims
5 Prompt Payment Act of 2003”.

1 **SEC. 2. PROMPT PAYMENT OF CLAIMS.**

2 (a) GROUP HEALTH PLANS.—

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

7 **“SEC. 2707. PROMPT PAYMENT OF CLAIMS.**

8 “(a) IN GENERAL.—A group health plan, and a
9 health insurance issuer offering health insurance coverage
10 in connection with a group health plan, shall provide for
11 prompt payment of claims submitted for health care serv-
12 ices or supplies furnished to a participant, beneficiary, or
13 enrollee with respect to benefits covered by the plan or
14 issuer, in a manner that is no less protective than the pro-
15 visions referred to in subsection (b).

16 “(b) PROVISIONS.—The provisions referred to in this
17 subsection are the provisions of section 1842(c)(2) of the
18 Social Security Act (42 U.S.C. 1395u(c)(2)), as modified
19 as follows:

20 “(1) ALTERNATIVE INTEREST RATE.—Instead
21 of applying the interest rate calculated under section
22 3902(a) of title 31, United States Code, the interest
23 rate shall be 1 percent of the payment amount due
24 plus, in the case of payments not made within 25
25 days of the due date, an additional 1 percent inter-
26 est due for every month the payment is past due.

1 “(2) COVERAGE OF 100 PERCENT OF CLAIMS.—

2 The reference in such section 1842(c)(2) to ‘not less
3 than 95 percent of all claims submitted under this
4 part’ shall be deemed to be a reference to ‘100 per-
5 cent of all claims submitted under the plan or cov-
6 erage involved’.

7 “(c) PERMITTING ADDITIONAL PENALTIES.—State
8 Insurance Commissioners may establish and impose mone-
9 tary penalties or other penalties for failure by a group
10 health plan, and a health insurance issuer offering health
11 insurance coverage in connection with a group health plan,
12 to comply with the provisions referred to in subsection
13 (b).”.

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

18 **“SEC. 714. PROMPT PAYMENT OF CLAIMS.**

19 “(a) IN GENERAL.—A group health plan, and a
20 health insurance issuer offering health insurance coverage
21 in connection with a group health plan, shall provide for
22 prompt payment of claims submitted for health care serv-
23 ices or supplies furnished to a participant or beneficiary
24 with respect to benefits covered by the plan or issuer, in

1 a manner that is no less protective than the provisions
2 referred to in subsection (b).

3 “(b) PROVISIONS.—The provisions referred to in this
4 subsection are the provisions of section 1842(c)(2) of the
5 Social Security Act (42 U.S.C. 1395u(c)(2)), as modified
6 as follows:

7 “(1) ALTERNATIVE INTEREST RATE.—Instead
8 of applying the interest rate calculated under section
9 3902(a) of title 31, United States Code, the interest
10 rate shall be 1 percent of the payment amount due
11 plus, in the case of payments not made within 25
12 days of the due date, an additional 1 percent inter-
13 est due for every month the payment is past due.

14 “(2) COVERAGE OF 100 PERCENT OF CLAIMS.—
15 The reference in such section 1842(c)(2) to ‘not less
16 than 95 percent of all claims submitted under this
17 part’ shall be deemed to be a reference to ‘100 per-
18 cent of all claims submitted under the plan or cov-
19 erage involved’.

20 “(c) PERMITTING ADDITIONAL PENALTIES.—State
21 Insurance Commissioners may establish and impose mone-
22 tary penalties or other penalties for failure by a group
23 health plan, and a health insurance issuer offering health
24 insurance coverage in connection with a group health plan,

1 to comply with the provisions referred to in subsection
2 (b).”.

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

“Sec. 714. Prompt payment of claims.”.

6 (3) INTERNAL REVENUE CODE AMEND-
7 MENTS.—Subchapter B of chapter 100 of the Inter-
8 nal Revenue Code of 1986 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. Prompt payment of claims.”; and

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

14 **“SEC. 9813. PROMPT PAYMENT OF CLAIMS.**

15 “A group health plan shall provide for prompt pay-
16 ment of claims submitted for health care services or sup-
17 plies furnished to a participant or beneficiary with respect
18 to benefits covered by the plan, in a manner that is no
19 less protective than the provisions referred to in subsection
20 (b).

21 “(b) PROVISIONS.—The provisions referred to in this
22 subsection are the provisions of section 1842(c)(2) of the
23 Social Security Act (42 U.S.C. 1395u(c)(2)), as modified
24 as follows:

1 “(1) ALTERNATIVE INTEREST RATE.—Instead
 2 of applying the interest rate calculated under section
 3 3902(a) of title 31, United States Code, the interest
 4 rate shall be 1 percent of the payment amount due
 5 plus, in the case of payments not made within 25
 6 days of the due date, an additional 1 percent inter-
 7 est due for every month the payment is past due.

8 “(2) COVERAGE OF 100 PERCENT OF CLAIMS.—
 9 The reference in such section 1842(c)(2) to ‘not less
 10 than 95 percent of all claims submitted under this
 11 part’ shall be deemed to be a reference to ‘100 per-
 12 cent of all claims submitted under the plan involved’.

13 “(c) PERMITTING ADDITIONAL PENALTIES.—State
 14 Insurance Commissioners may establish and impose mone-
 15 tary penalties or other penalties for failure by a group
 16 health plan to comply with the provisions referred to in
 17 subsection (b).”.

18 (b) INDIVIDUAL HEALTH INSURANCE.—Part B of
 19 title XXVII of the Public Health Service Act is amended
 20 by inserting after section 2752 the following new section:

21 **“SEC. 2753. PROMPT PAYMENT OF CLAIMS.**

22 “The provisions of section 2707 shall apply to health
 23 insurance coverage offered by a health insurance issuer
 24 in the individual market in the same manner as they apply
 25 to health insurance coverage offered by a health insurance

1 issuer in connection with a group health plan in the small
 2 or large group market.”.

3 (c) PROTECTION OF STATES’ RIGHTS.—Any issue re-
 4 lating to prompt payment for health care services or sup-
 5 plies that is not governed by any provision of law as
 6 amended by this section shall be governed by otherwise
 7 applicable State or Federal law. This section (and the pro-
 8 visions amended by this section) does not preempt or su-
 9 persede any law that imposes shorter time frames for pay-
 10 ment, greater penalties for non-payment, and, in general,
 11 provides greater assurances that group health plans and
 12 health insurance issuers provide for prompt payment of
 13 claims submitted for health care services or supplies fur-
 14 nished to a participant, beneficiary, or enrollee with re-
 15 spect to benefits covered by the plan or issuer.

16 (d) EFFECTIVE DATES.—

17 (1) GROUP HEALTH PLANS AND GROUP
 18 HEALTH INSURANCE COVERAGE.—The amendments
 19 made by subsection (a) apply with respect to group
 20 health plans for plan years beginning on or after
 21 January 1, 2004.

22 (2) INDIVIDUAL HEALTH INSURANCE COV-
 23 ERAGE.—The amendment made by subsection (b)
 24 apply with respect to health insurance coverage of-

- 1 fered, sold, issued, renewed, in effect, or operated in
- 2 the individual market on or after such date.

