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FISCAL IMPACT REPORT

SPONSOR:	Jennings, T	DATE TYPED:	02/02/00	HB	
SHORT TITLE:	Health Plan Liability Interest Payments			SB	317
				ANALYST:	Esquibel

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
NA					

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with existing law Relates to SB164

SOURCES OF INFORMATION

NM Health Policy Commission

Attorney General's Office

Public Regulation Commission

SUMMARY

Synopsis of Bill

SB317 mandates the timely payment of "clean claims" submitted by a contracted provider for health maintenance organizations (HMOs) by giving the provider the right to collect interest on submitted "clean claims" if unpaid within 30 days for electronically submitted claims, and 45 days for manually submitted claims.

The bill states that interest will be assessed at 1.5% compounded monthly after 90 days of default.

The bill mandates that if the HMO is unable to determine liability or refuses to pay a clean claim, the provider shall be notified within 30 days of receipt of a claim if submitted electronically, or 45 days if submitted manually. The plan shall state the reason/s for the denial or ask for additional information to determine liability.

The bill additionally states there shall be no contract between the provider and health plans relieving either party from liability for action or inaction.

Significant Issues

The Attorney General's Office indicates SB317 would create a safe time period wherein the HMO has no incentive to pay claims earlier, even when possible, since interest under the provisions of the bill would not begin accruing until after 90 days.

The Attorney General's Office indicates one way to frame the issues in the bill is: "Who gets the interest income on the float?" The choices are the HMO, the health care provider, or the state treasury in the case of the Medicaid Salud! program. Actual processing of a "clean claim" takes, at most, hours.

FISCAL IMPLICATIONS

The Health Policy Commission indicates that state government (DOH, HSD, CYFD, GSD-RM, PSIA and RHCA), as a third-party payer paying for health services, may face interest penalty charges under the provisions of the bill. The County Indigent Fund program may also be liable for interest payments.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

SB317 is duplicative and inconsistent with existing law because currently the Superintendent of Insurance has the authority to set interest rates for late payment by HMOs; and existing law does not differentiate between electronic or manual billing but does address payment of claims not paid within 45 days.

SB317 relates to SB164 in that SB317 imposes interest compounded monthly after 90 days of default for cleans claims not paid within 30 days if filed electronically, or 45 days if filed manually; while SB164 imposes simple interest after 30 days if filed electronically, or 45 days if filed manually.

TECHNICAL ISSUES

The Public Regulation Commission indicates the bill is ambiguous as to how interest rates would be set and under whose authority these rates would be set.

RAE/gm