

A Bill for an Act Relating to Insurance.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that section 431:13-108, Hawaii Revised Statutes, also known as the clean claims statute, requires health plans to pay providers on a timely basis when uncontested claims are submitted. Under this law, insurers are required to reimburse providers for clean claims payments within thirty days for clean claims submitted in writing, and within fifteen days for clean claims submitted electronically. There were amendments made to section 431:13-108, Hawaii Revised Statutes, in the 2015 legislative session on a separate, but related, insurance matter that created some ambiguity as to whether acute care hospitals were covered.

The purpose of this Act is to ensure that acute care hospitals are covered under the clean claims statute.

SECTION 2. Section 323D-2, Hawaii Revised Statutes, is amended by amending the definition of "health care facility" and "health care service" to read as follows:

"Health care facility" and "health care service" include any program, institution, place, building, or agency, or portion thereof, private or public, other than federal facilities or services, whether organized for profit or not, used, operated, or designed to provide medical diagnosis, treatment, nursing, rehabilitative, or preventive care to any person or persons. The terms include, but are not limited to, health care facilities and health care services commonly referred to as hospitals, facilities that provide inpatient medical care and other related services for surgery or acute medical conditions or injuries (usually for a short-term illness or condition), extended care and rehabilitation centers, nursing homes, skilled nursing facilities, intermediate care facilities, hospices for the terminally ill that require licensure or certification by the department of health, kidney disease treatment centers including freestanding hemodialysis units, outpatient clinics, organized ambulatory health care facilities, emergency care facilities and centers, home health agencies, health maintenance organizations, and others providing similarly organized services regardless of nomenclature."

SECTION 3. Section 431:13-108, Hawaii Revised Statutes, is amended by amending subsection (1) to read as follows:

"(1) As used in this section:

~~["Acute care hospital" means a hospital that provides inpatient medical care and other related services for surgery or acute medical conditions or injuries (usually for a short-term illness or condition).]~~

"Claim" means any claim, bill, or request for payment for all or any portion of health care services provided by a health care provider of services submitted by an individual or pursuant to a contract or agreement with an entity, using the entity's standard claim form with all required fields completed with correct and complete information.

"Clean claim" means a claim in which the information in the possession of an entity adequately indicates that:

- (1) The claim is for a covered health care service provided by an eligible health care provider to a covered person under the contract;
- (2) The claim has no material defect or impropriety;
- (3) There is no dispute regarding the amount claimed; and

- (4) The payer has no reason to believe that the claim was submitted fraudulently.

The term does not include:

- (1) Claims for payment of expenses incurred during a period of time when premiums were delinquent;
- (2) Claims that are submitted fraudulently or that are based upon material misrepresentations;
- (3) Claims for self-insured employer groups; claims for services rendered to individuals associated with a health care entity through a national participating provider network; or claims for medicaid, medicare, medigap, or other federally financed plan; and
- (4) Claims that require a coordination of benefits, subrogation, or pre-existing condition investigations, or that involve third-party liability.

“Contest”, “contesting”, or “contested” means the circumstances under which an entity was not provided with, or did not have reasonable access to, sufficient information needed to determine payment liability or basis for payment of the claim.

“Deny”, “denying”, or “denied” means the assertion by an entity that it has no liability to pay a claim based upon eligibility of the patient, coverage of a service, medical necessity of a service, liability of another payer, or other grounds.

“Entity” means accident and health or sickness insurance providers under part I of article 10A of chapter 431, mutual benefit societies under article 1 of chapter 432, dental service corporations under chapter 423, and health maintenance organizations under chapter 432D.

“Fraud” shall have the same meaning as in section 431:2-403.

“Health care facility” shall have the same meaning as in section 323D-2[; ~~provided that health care facility shall not include an acute care hospital~~].

“Health care provider” means a Hawaii health care facility, physician, nurse, or any other provider of health care services covered by an entity.”

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

(Approved July 5, 2017.)