Regular Session, 2012

HOUSE BILL NO. 564

BY REPRESENTATIVE JOHNSON

INSURANCE CLAIMS: Provides relative to prompt payment of long-term care insurance claims

AN ACT

To enact R.S. 22:1188.1, relative to long-term care insurance; to provide for prompt payment of long-term care insurance claims; to provide for definitions; to provide for applicability; to provide with respect to violations; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1188.1 is hereby enacted to read as follows:

§1188.1. Prompt payment of clean claims

A. For purposes of this Section:

(1) "Claim" means a request for payment of benefits under an in-force policy, regardless of whether the benefit claimed is covered under the policy or any terms or conditions of the policy have been met.

(2) "Clean claim" means a claim that has no defect or impropriety, including any lack of required substantiating documentation, such as satisfactory evidence of expenses incurred or particular circumstances requiring special treatment that prevents timely payment from being made on the claim.

B. Within thirty business days after receipt of a claim for benefits under a long-term care insurance policy or certificate, an insurer shall pay such claim if it is a clean claim or send a written notice acknowledging the date of receipt of the claim and either of the following:

(1) That the insurer is declining to pay all or part of the claim and the specific reason or reasons for denial.

(2) That additional information is necessary to determine if all or part of the claim is payable and the specific additional information that is necessary.

C. Within thirty business days after receipt of all requested additional information pursuant to Paragraph (B)(2) of this Section, an insurer shall pay a claim for benefits under a long-term care insurance policy or certificate if it is a clean claim or send a written notice that the insurer is declining to pay all or part of the claim and the specific reason or reasons for denial.

D. If an insurer fails to comply with Subsection B or C of this Section, such insurer shall pay interest at the rate of one percent per month on the amount of the claim that should have been paid but that remains unpaid forty-five business days after the receipt of the claim pursuant to such Subsection B of this Section or after receipt of all requested additional information pursuant to such Subsection C of this Section. The interest payable pursuant to this Subsection shall be included in any late reimbursement without requiring the person who filed the original claim to make any additional claim for such interest.

E. The provisions of this Section shall not apply where the insurer has a reasonable basis supported by specific information that such claim was fraudulently submitted.

F. Any violation of this Section by an insurer if committed flagrantly and in conscious disregard of the provisions of this Section with such frequency as to constitute a general business practice shall be considered a violation of R.S. 22:1963 et seq.

DIGEST

Johnson HB No. 564

Abstract: Provides relative to prompt payment of long-term care insurance claims, including defining the term "clean claim", requiring interest on unpaid clean claims after 45 days, and making certain flagrant violations of proposed law an unfair trade practices act in the business of insurance.

Proposed law provides relative to prompt payment of long-term care insurance claims as follows:

(1) Defines a "clean claim" as a claim that has no defect or impropriety, including any lack of required substantiating documentation, such as satisfactory evidence of expenses incurred or particular circumstances requiring special treatment that prevents timely payment from being made on the claim.

(2) Requires an insurer within 30 business days after receipt of a claim to pay such claim if it is a clean claim or send a written notice acknowledging the date of receipt of the claim and either of the following:

(a) That the insurer is declining to pay all or part of the claim and the specific reason or reasons for denial.

(b) That additional information is necessary to determine if all or any part of the claim is payable and the specific additional information that is necessary.

(3) Requires an insurer within 30 business days after receipt of all requested additional information pursuant to (2)(b) above, to pay a claim for benefits under a long-term care insurance policy or certificate if it is a clean claim or send a written notice that the insurer is declining to pay all or part of the claim and the specific reason or reasons for denial.

(4) Provides that if an insurer fails to comply with (2) or (3) above, such insurer shall pay interest at the rate of 1% per month on the amount of the claim that should have been paid but that remains unpaid 45 business days after the receipt of the claim pursuant to (2) above or after receipt of all requested additional information pursuant to (3) above. Specifies that such interest payable shall be included in any late reimbursement without requiring the person who filed the original claim to make any additional claim for such interest.

(5) Makes proposed law inapplicable when the insurer has a reasonable basis supported by specific information that such claim was fraudulently submitted.

(6) Makes any violation of proposed law by an insurer if committed flagrantly and in conscious disregard of proposed law with such frequency as to constitute a general business practice a violation of present law which defines unfair trade practices, making it punishable by certain monetary penalties or suspension or revocation of licensor by the commissioner of insurance.

(Adds R.S. 22:1188.1)

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.