
DIGEST

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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 licenser by the commissioner of insurance.

(Adds R.S. 22:1188.1)