

Regular Session, 2012

ACT No. 91

HOUSE BILL NO. 564

BY REPRESENTATIVE JOHNSON

1 AN ACT

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

6 Be it enacted by the Legislature of Louisiana:

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

8 §1188.1. Prompt payment of clean claims

9 A. For purposes of this Section:

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

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

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

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

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

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

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

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

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

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____