

107TH CONGRESS  
1ST SESSION

# S. 1616

To provide for interest on late payments of health care claims.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 1, 2001

Mr. TORRICELLI (for himself and Mr. CORZINE) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To provide for interest on late payments of health care  
claims.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. INTEREST ON LATE PAYMENTS OF CLEAN**  
4 **CLAIMS.**

5 (a) REQUIREMENT.—

6 (1) IN GENERAL.—If a group health plan or a  
7 health insurance issuer offering group health insur-  
8 ance coverage fails to provide payment of a clean  
9 claim (or provides partial payment on such claim) on  
10 or before the applicable number of calendar days es-  
11 tablished for purposes of payment of clean claims

1 under section 1842(c)(2) of the Social Security Act  
2 (42 U.S.C. 1395u(c)(2))—

3 (A) the payment (or unpaid portion of the  
4 payment) shall be overdue; and

5 (B) interest shall be paid on the overdue  
6 payment (or unpaid portion) to the provider,  
7 participant, beneficiary, or enrollee to which the  
8 payment is due in accordance with the require-  
9 ments set forth in paragraph (2).

10 (2) INTEREST REQUIREMENTS.—

11 (A) SIMPLE INTEREST.—Interest on an  
12 overdue payment (including an unpaid portion  
13 of a payment) shall accrue at the rate of 18  
14 percent per year.

15 (B) COMMENCEMENT.—Interest on an  
16 overdue payment (or unpaid portion) shall  
17 begin to accrue on the date that is 15 days  
18 after the date on which all information and doc-  
19 umentation required to process the claim is re-  
20 ceived by the plan or issuer.

21 (C) PAYMENT.—Interest on an overdue  
22 payment (or unpaid portion) shall be—

23 (i) included with the payment due on  
24 the clean claim; or

1 (ii) paid within 14 days of the pay-  
2 ment of the clean claim.

3 (b) ARBITRATION.—The Secretary of Health and  
4 Human Services, in consultation with the Secretary of  
5 Labor, shall develop an arbitration process under which  
6 a participant, beneficiary, or enrollee and a group health  
7 plan or health insurance issuer may obtain an independent  
8 determination with respect to a claim for an overdue pay-  
9 ment and interest under subsection (a).

10 (c) FEDERAL CAUSE OF ACTION.—Notwithstanding  
11 any other provision of law, upon the termination of the  
12 arbitration process under subsection (b) with respect to  
13 an overdue payment and interest under subsection (a), an  
14 action seeking to recover such payment and interest may  
15 be brought in the district court of the United States for  
16 the judicial district in which the provider, participant, ben-  
17 efiary, or enrollee to which the payment and interest are  
18 due resides.

19 (d) THIRD PARTY CONTRACTORS.—The require-  
20 ments of this section shall apply to a group health plan  
21 or health insurance issuer regardless of whether the plan  
22 or issuer contracts with a third party for the administra-  
23 tion and payment of claims under the plan or coverage.

24 (e) DEFINITION OF CLEAN CLAIM.—

1           (1) IN GENERAL.—In this section, the term  
2 “clean claim” means a claim submitted for health  
3 care services or supplies that meets the following re-  
4 quirements:

5           (A) The claim is for a service or supply  
6 covered by the group health plan or the health  
7 insurance coverage.

8           (B) The claim is submitted with all the in-  
9 formation requested by the plan or issuer on  
10 the claim form or in other instructions distrib-  
11 uted to the provider, participant, beneficiary, or  
12 enrollee.

13           (C) The participant, beneficiary, or en-  
14 rollee to whom the service or supply was pro-  
15 vided was covered under the group health plan  
16 or health insurance coverage on the date of  
17 service.

18           (D) The plan or issuer does not reasonably  
19 believe that the claim has been submitted fraud-  
20 ulently.

21           (E) The claim does not require special  
22 treatment.

23           (2) DEFINITION OF SPECIAL TREATMENT.—For  
24 purposes of paragraph (1)(E), the term “special  
25 treatment” means that—

1           (A) unusual claim processing is required to  
2           determine whether a service or supply is cov-  
3           ered, such as claims involving experimental  
4           treatments or newly approved medications; and

5           (B) the circumstances requiring such proc-  
6           essing are documented in the claim file.

7           (3) OTHER DEFINITIONS.—In this section, the  
8           terms “group health plan” and “health insurance  
9           issuer” shall have the meanings given such terms  
10          under section 2791 of the Public Health Service Act  
11          (42 U.S.C. 300gg–91).

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