SUBJECT: Limiting patient liability due to late billing by health care providers

COMMITTEE: Civil Practices — committee substitute recommended

VOTE: 8 ayes — Bosse, Alvarado, Dutton, Goodman, Hope, Nixon, Smithee, Zbranek

0 nays

1 absent — Janek

WITNESSES: None

DIGEST: CSHB 213 would require health care service providers to bill patients no later than the first day of the 11th month after the service was provided. Health benefit plans or third party payers, such as Medicare or Medicaid, would have to be billed within the time required by any contract with the health care service provider, or, if there was no contract, by the first day of the 11th month after service was provided.

If the health care service provider failed to bill within the required time, the provider would be prohibited from collecting from the patient any amount the patient would have been entitled to receive under a health benefit plan. Patients also would not be liable for any amount that the patient would not have been obligated to pay had the provider billed in the time required. The provider also would be prohibited from collecting from relatives or others who would be responsible for the patient's debts.

A health care service provider would not be subject to disciplinary action for failing to comply with the billing requirements.

CSHB 213 would take effect September 1, 1999 and would apply only to health care services provided after that date.

SUPPORTERS SAY: Most health insurance companies or other health care reimbursement plans require claims to be submitted within one year from the date the health care service was provided. When claims are submitted after that date, they may wind up not being covered by the insurance company. But under current law,

the health care provider may still bill the patient for the full cost of the health care service.

Under CSHB 213, health care providers would be required to bill in a timely manner. If they fail to do so, they would not be able to bill a patient for more than the patient would have been required to pay had the individual been able to submit the amount to the insurance company.

The patient would still be responsible for the co-pay amount due under the policy, but not for the full amount of the service. For example, if a patient's total liability would have been $50 under the patient's insurance plan, the health care provider would still be able to collect the $50. But the provider would not be able to recover more than $50 if they failed to bill within 11 months.

Internal audits of hospitals have, from time to time, revealed that customers have never been billed for certain services that may have been provided many months, or even years, before the audit. When bills are sent for such services long after the fact, insurance companies frequently deny such claims due to the elapsed time. At this point the patient, or even a deceased patient's spouse, becomes solely responsible for payment.

This legislation would ensure that patients are not required to pay for the portion of the claim that the insurance company would have paid for had the bill arrived in a timely manner.

Exceptions are clearly provided in CSHB 213 when specific contracts with health benefit plans or third party payers call for different time amounts for billing. The bill also would ensure that failure to bill promptly would not subject the health care provider to disciplinary action.

Any potential problems related to computer failures or other billing issues could be addressed in contracts with insurance companies. But regardless of any computer problems that may occur, health care providers should be required to submit bills within 11 months of providing service. Patients should not be responsible for additional costs because of the provider's computer difficulties or other billing problems.

OPPONENTS SAY:

The potential for computer date failures related to the Year 2000 problem create the possibility that some health care billing systems, through no fault of their own, may not be able to submit payments within the time limits required under CSHB 213.

NOTES:

The committee substitute would require billing health benefit plans or third party payers under the terms of any payment contract or, if no contract existed, no later than the first day of the 11th month after service was performed. The substitute also added that health care service providers failing to bill within the time allotted would not be subject to disciplinary action.