

HOUSE BILL No. 5590

March 12, 1990, Introduced by Reps. Stupak and DeMars and referred to the Committee on Insurance.

A bill to amend section 403 of Act No. 350 of the Public Acts of 1980, entitled
"The nonprofit health care corporation reform act,"
being section 550.1403 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 403 of Act No. 350 of the Public Acts of
2 1980, being section 550.1403 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 403. (1) ~~A~~ EXCEPT AS PROVIDED IN SUBSECTION (3), A
5 health care corporation, on a timely basis, shall pay to a member
6 or a participating provider benefits as are entitled and provided
7 under the applicable certificate. When not paid on a timely
8 basis, benefits payable to a member shall bear simple interest
9 from a date 60 days after a satisfactory claim form was received
10 by the health care corporation, at a rate of 12% interest per

1 annum. The interest shall be paid in addition to, and at the
2 time of payment of, the claim.

3 (2) ~~—A—~~ EXCEPT AS PROVIDED IN SUBSECTION (4), A health care
4 corporation shall specify in writing the materials which consti-
5 tute a satisfactory claim form not later than 30 days after
6 receipt of a claim, unless the claim is settled within 30 days.
7 If a claim form is not supplied as to the entire claim, the
8 amount supported by the claim form shall be considered to be paid
9 on a timely basis if paid within 60 days after receipt of the
10 claim form by the corporation.

11 (3) A HEALTH CARE CORPORATION SHALL PAY TO A MEMBER OR A
12 PARTICIPATING PROVIDER WITHIN 42 DAYS FOLLOWING RECEIPT BY THE
13 HEALTH CARE CORPORATION OF A SATISFACTORY CLAIM FORM BENEFITS AS
14 ARE ENTITLED AND PROVIDED UNDER THE APPLICABLE CERTIFICATE. IF
15 NOT PAID WITHIN THIS 42-DAY PERIOD, BENEFITS PAYABLE TO A MEMBER
16 SHALL BEAR INTEREST FROM THE FORTY-SECOND DAY AFTER RECEIPT OF
17 THE SATISFACTORY CLAIM FORM TO THE DATE OF THE LATE PAYMENT BY
18 THE HEALTH CARE CORPORATION, AT A RATE OF 9% INTEREST PER ANNUM.
19 INTEREST AMOUNTING TO LESS THAN \$1.00 NEED NOT BE PAID. THE
20 INTEREST SHALL BE PAID IN ADDITION TO, AND AT THE TIME OF PAYMENT
21 OF, THE CLAIM. THIS SUBSECTION APPLIES TO ALL GROUP AND NONGROUP
22 CERTIFICATES DELIVERED, ISSUED FOR DELIVERY, RENEWED, OR AMENDED
23 IN THIS STATE 180 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY
24 ACT THAT ADDED THIS SUBSECTION.

25 (4) A HEALTH CARE CORPORATION SHALL SPECIFY IN WRITING THE
26 MATERIALS THAT CONSTITUTE A SATISFACTORY CLAIM FORM NOT LATER
27 THAN 10 DAYS AFTER RECEIPT OF A CLAIM, UNLESS THE CLAIM IS

1 SETTLED WITHIN 10 DAYS. IF A CLAIM FORM IS NOT SUPPLIED AS TO
2 THE ENTIRE CLAIM, THE AMOUNT SUPPORTED BY THE CLAIM FORM SHALL BE
3 CONSIDERED TO BE PAID ON A TIMELY BASIS IF PAID WITHIN 42 DAYS
4 AFTER RECEIPT OF THE CLAIM FORM BY THE CORPORATION. THIS SUBSEC-
5 TION APPLIES TO ALL GROUP AND NONGROUP CERTIFICATES DELIVERED,
6 ISSUED FOR DELIVERY, RENEWED, OR AMENDED IN THIS STATE 180 DAYS
7 AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
8 SUBSECTION.