

Senate Bill 350

By: Senators Lamutt of the 21st, Zamarripa of the 36th, Shafer of the 48th and Stephens of the 51st

AS PASSED SENATE

**A BILL TO BE ENTITLED
AN ACT**

1 To amend Article 1 of Chapter 24 of Title 33 of the Official Code of Georgia Annotated,
2 relating to general provisions regarding insurance, so as to provide time periods for
3 processing claims under health benefit plans; to provide that when an insured has obtained
4 precertification for a service, the insurer shall be liable at the level prescribed by the health
5 benefit plan; to provide for related matters; to provide for an effective date and applicability;
6 to repeal conflicting laws; and for other purposes.

7 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

8 **SECTION 1.**

9 Article 1 of Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to
10 general provisions regarding insurance, is amended by striking Code Section 33-24-59.5,
11 relating to timely payment of health benefits, and inserting in lieu thereof a new Code
12 Section 33-24-59.5 to read as follows:

13 “33-24-59.5.

14 (a) As used in this Code section, the term:

15 (1) ‘Benefits’ means the coverages provided by a health benefit plan for financing or
16 delivery of health care goods or services; but such term does not include capitated
17 payment arrangements under managed care plans.

18 (2) ‘Electronic claim’ means a claim transmitted to the computer of an insurer or its agent
19 by an insured or other person claiming payment or by his or her agent through electronic
20 means using an electronic format prescribed by the HIPAA Transaction Standards
21 Regulations.

22 (3) ‘Health benefit plan’ means any hospital or medical insurance policy or certificate,
23 health care plan contract or certificate, qualified higher deductible health plan, health
24 maintenance organization subscriber contract, any health benefit plan established
25 pursuant to Article 1 of Chapter 18 of Title 45, or any dental or vision care plan or policy,
26 or managed care plan; but health benefit plan does not include policies issued in

1 accordance with Chapter 31 of this title; disability income policies; or Chapter 9 of Title
2 34, relating to workers' compensation.

3 (4) 'HIPAA Transaction Standards Regulations' means the regulations setting forth
4 required data elements and electronic formats for certain health claims transactions
5 promulgated by the federal Department of Health and Human Services under the federal
6 Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. Section 1320(d),
7 et seq.

8 (5) 'Insurer' means an accident and sickness insurer, fraternal benefit society, nonprofit
9 hospital service corporation, nonprofit medical service corporation, health care
10 corporation, health maintenance organization, provider sponsored health care corporation,
11 or any similar entity and any self-insured health benefit plan not subject to the exclusive
12 jurisdiction of the federal Employee Retirement Income Security Act of 1974, 29 U.S.C.
13 Section 1001, et seq., which entity provides for the financing or delivery of health care
14 services through a health benefit plan, or the plan administrator of any health benefit plan
15 established pursuant to Article 1 of Chapter 18 of Title 45.

16 (6) 'Paper claim' means a claim submitted to an insurer on forms meeting the
17 requirements imposed by regulations adopted by the federal Centers for Medicare and
18 Medicaid Services.

19 (b)(1) All benefits under a health benefit plan will be payable by the insurer which is
20 obligated to finance or deliver health care services under that plan upon such insurer's
21 receipt of written proof of loss or claim for payment for health care goods or services
22 provided. Any other provision of law to the contrary notwithstanding, when an insured
23 or other person claiming payment obtains precertification for any service, the insurer
24 shall be liable for such precertified service at the reimbursement level prescribed by the
25 health benefit plan. The insurer shall, within 5 working days after ~~such~~ receipt of an
26 electronic claim and within 15 working days after receipt of a paper claim, mail to the
27 insured or other person claiming payments under the plan payment for such benefits or
28 a letter or notice which states the reasons the insurer may have for failing to pay the
29 claim, either in whole or in part, and which also gives the person so notified a written
30 itemization of any documents or other information required under the health plan
31 documentation to process the claim or any portions thereof which are not being paid.
32 Where the insurer disputes a portion of the claim, any undisputed portion of the claim
33 shall be paid by the insurer in accordance with this chapter. When all of the listed
34 documents or other information required under the health plan documentation to process
35 the claim have been received by the insurer, the insurer shall then have 15 working days
36 for a paper claim and 5 days for an electronic claim within which to process and either
37 mail payment for the claim or a letter or notice denying it, in whole or in part, giving the

1 insured or other person claiming payments under the plan the insurer's reasons for such
2 denial.

3 (2) Receipt of any proof, claim, or documentation by an entity which administrates or
4 processes claims on behalf of an insurer shall be deemed receipt of the same by the
5 insurer for purposes of this Code section.

6 (c) Each insurer shall pay to the insured or other person claiming payments under the
7 health benefit plan interest equal to 18 percent per annum on the proceeds or benefits due
8 under the terms of such plan for failure to comply with subsection (b) of this Code section.

9 (d) Any insured or other person or entity claiming payments under the health benefit plan
10 shall have the right to bring an action at law or in equity against an insurer to enforce
11 compliance with subsection (b) of this Code section."

12 **SECTION 2.**

13 This Act shall become effective on January 1, 2005.

14 **SECTION 3.**

15 All laws and parts of laws in conflict with this Act are repealed.