

MEDICAL CLAIMS AMENDMENTS

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Robert F. Montgomery

AN ACT RELATING TO INSURANCE; REQUIRING THE TIMELY PAYMENT OF VALID INSURANCE CLAIMS MADE BY A CONTRACTING HEALTH CARE PROVIDER.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

31A-26-301, as enacted by Chapter 242, Laws of Utah 1985

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-26-301** is amended to read:

31A-26-301. Timely payment of claims.

(1) Unless otherwise provided by law, an insurer shall timely pay every valid insurance claim made by an insured or a contracting provider for services rendered to an insured. By rule the commissioner may prescribe the kinds of notice and proof of loss that will establish validity, the manner in which an insurer may make a bona fide denial of a claim, the periods of time within which payment is required to be made to be timely, and the reasonable interest rates to be charged upon late claim payments.

(2) Notwithstanding Subsection (1), the payment of a claim is not overdue during any period in which the insurer is unable to pay the claim because there is no recipient legally able to give a valid release for the payment, or in which the insurer is unable to determine who is entitled to receive the payment, provided that the insurer has promptly notified the claimant of the inability and has offered in good faith to pay the claim promptly when the inability is removed.

(3) This section applies only to claims made by claimants and contracting providers in direct privity of contract with the insurer.

(4) For purposes of this section, "contracting provider" means:

(a) a "participating provider" as defined in Section 31A-8-101; or

28

(b) a "preferred health care provider" as described in Section 31A-22-617.

Legislative Review Note

as of 12-17-99 10:37 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel