



**House
Legislative
Analysis
Section**

Manufacturer's Bank Building, 12th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

PROMPT PAYMENT OF CLAIMS

REC. 10

MAY 16 1990

House Bills 5588-5590
Sponsor: Rep. Bart Stupak
Committee: Insurance

Mon. 5.14

Complete to 4-6-90

A SUMMARY OF HOUSE BILLS 5588-5590 AS INTRODUCED 3-12-90

The bills would each, in general, require third-party payers to pay health insurance claims within 42 days after receiving sufficient proof of the claim. Failure to pay in time would entitle the policyholder or provider to interest at the rate of nine percent per annum from the 42nd day until payment was made.

House Bill 5588 would amend the act governing Delta Dental Corporation and requires the submission of "due proof of services performed." House Bill 5589 would amend the section of the Insurance Code dealing with individual (non-group) hospital, medical, and surgical expense-incurred policies of commercial health insurers and requires submission of "due proof of loss." House Bill 5590 would amend the act governing Blue Cross and Blue Shield of Michigan to apply to both group and nongroup certificates, and it requires the submission of "a satisfactory claim form." That bill would also require Blue Cross-Blue Shield to specify in writing the materials that constitute a satisfactory claim form no later than ten days after receipt of a claim (unless the claim was satisfied within ten days). If a claim form was not supplied as to the entire claim, the amount supported by the claim would be considered to have been paid on a timely basis if paid within 42 days after receipt of the claim form. The bills would apply to contracts, certificates, and policies delivered, issued for delivery, renewed, or amended 180 days after the effective dates of the bills.

MCL 550.361a (House Bill 5588)
MCL 500.3416 (House Bill 5589)
MCL 500.1403 (House Bill 5590)

House Bills 5588-5590 (4-6-90)