

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

As Engrossed: H3/22/01

A Bill

Act 1454 of 2001
HOUSE BILL 2449

5 By: Representative R. Smith
6
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For An Act To Be Entitled

9 AN ACT TO ESTABLISH A PENALTY FOR LATE PAYMENT OF
10 CLAIMS BY HEALTH CARRIERS; AND FOR OTHER
11 PURPOSES.
12

Subtitle

14 TO ESTABLISH A PENALTY FOR LATE PAYMENT
15 OF CLAIMS BY HEALTH CARRIERS.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Arkansas Code Title 23, Chapter 66, Subchapter 2 is amended
21 by adding an additional section to read as follows:

22 23-66-215. Penalty for late payment of claims by health carriers.

23 (a)(1) A health carrier shall pay a penalty of twelve per cent (12%)
24 per annum for late payment of claims under a health insurance contract
25 pursuant to regulations promulgated by the commissioner, without necessity
26 for demand for payment by a claimant.

27 (2) Hiring a third party administrator or other person to
28 process claims shall not relieve a health carrier of its obligation to pay
29 this penalty.

30 (b) For purposes of this section:

31 (1) "Claimant" means a person insured or covered by a health
32 carrier, a provider holding a valid assignment from a person insured or
33 covered by a health carrier, or a provider contracted with a health carrier,
34 who is claiming a benefit under a health insurance contract;

35 (2)(A) "Health carrier" means a health maintenance organization,
36 hospital medical service corporation, or a disability insurance company.

1 (B) "Health carrier" includes a self-insured governmental
2 or church plan and third party administrators that administer or adjust
3 disability benefits for a disability insurer, hospital medical service
4 corporation, health maintenance organization, self-insured governmental plan
5 or self-insured church plan.

6 (C) "Health carrier" does not include:

7 (i) An automobile insurer paying medical or hospital
8 benefits under § 23-89-202(1) or a self-insured employer health benefits
9 plan; or

10 (ii) Any person, company, or organization, licensed
11 or registered to issue or who issues any insurance policy or insurance
12 contract in this state as described in §§ 23-62-102, 23-62-104, 23-62-105,
13 23-62-106, and 23-62-107 providing medical or hospital benefits for
14 accidental injury or disability; and

15 (3)(A) "Health insurance contract" means a disability insurance
16 policy, a hospital medical service corporation contract, a health maintenance
17 organization contract, or a plan document issued or provided by a health
18 carrier.

19 (B) "Health insurance contract" does not include a
20 disability income insurance policy, a long-term care contract, a hospital
21 indemnity contract, an accident only contract, or any other form of
22 disability insurance policy that provides a benefit as a result of a sickness
23 or accident that does not directly cover expenses related to health care
24 treatment.

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26 SECTION 2. Arkansas Code §23-75-102(6), concerning the applicability
27 of other provisions for hospital and medical service corporations, is amended
28 to read as follows:

29 (6) Sections 23-66-201 – ~~23-66-214~~ 23-66-215, 23-66-301 – 23-66-306,
30 23-66-308 – 23-66-311, 23-66-313, and 23-66-314, referring to trade practices
31 and frauds;

32 */s/ R. Smith*

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35 APPROVED: 4/10/2001