

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 1398

Short Title: Area Authority Prompt Pay/Invoices.

(Public)

Sponsors: Senator Hoyle.

Referred to: Insurance and Consumer Protection.

June 13, 2002

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR PROMPT PAYMENT OF INVOICES SUBMITTED
3 BY HEALTH CARE FACILITIES AND HEALTH CARE PROVIDERS FOR
4 SERVICES RENDERED UNDER CONTRACT WITH AREA AUTHORITIES OR
5 COUNTY PROGRAMS.

6 The General Assembly of North Carolina enacts:

7 SECTION 1. Part 2 of Article 4 of Chapter 122C of the General Statutes is
8 amended by adding the following new section to read:

9 **"§ 122C-123.2. Area authority and county program prompt payment of claims
10 from service providers.**

11 (a) As used in this section:

12 (1) "Claimant" includes a health care provider or facility that provides
13 services under contract with the area authority or county program.

14 (2) "Health care facility" means a facility that is licensed under this
15 Chapter or Chapter 131E of the General Statutes or is owned or
16 operated by the State of North Carolina in which health care services
17 are provided to patients.

18 (3) "Health care provider" means an individual who is licensed, certified,
19 or otherwise authorized under Chapter 90 or 90B of the General
20 Statutes or under the laws of another state to provide health care
21 services in the ordinary course of business or practice of a profession
22 or in an approved education or training program.

23 (b) An area authority or county program shall, within 30 calendar days after
24 receipt of an invoice for services rendered, send by electronic or paper mail to the
25 claimant:

26 (1) Payment of the invoice.

27 (2) Notice of denial of the invoice.

28 (3) Notice that the invoice is incomplete.

1 For purposes of this section, an area authority or county program is presumed to have
2 received a written invoice five business days after the invoice has been placed first-class
3 postage prepaid in the United States mail addressed to the area authority or county
4 program or an electronic invoice transmitted to the area authority or county program on
5 the day the invoice is electronically transmitted. The presumption may be rebutted by
6 sufficient evidence that the invoice was received on another day or not received at all.

7 (c) If the invoice is denied, the notice shall include all of the specific good faith
8 reason or reasons for the denial. If the invoice is contested or cannot be paid because the
9 information necessary to pay the invoice is incomplete, or not paid pending receipt of
10 requested additional information, the notice shall contain the specific good faith reason
11 or reasons why the invoice has not been paid and an itemization or description of all of
12 the information needed by the area authority or county program to complete the
13 processing of the invoice. If an invoice is denied or contested in part, the area authority
14 or county program shall pay the undisputed portion of the invoice within 30 calendar
15 days after receipt of the invoice and send the notice of the denial or contested status
16 within 30 days after receipt of the invoice. Upon receipt of additional information
17 requested in its notice to the claimant, the area authority or county program shall
18 continue processing the invoice and pay or deny the invoice within 30 days after
19 receiving the additional information.

20 (d) If an area authority or county program requests additional information under
21 subsection (c) of this section and does not receive the additional information within 90
22 days after the request was made, the area authority or county program shall deny the
23 invoice and send the notice of denial to the claimant in accordance with subsection (c)
24 of this section. The area authority or county program shall include the specific reason or
25 reasons for denial in the notice, including the fact that information that was requested
26 was not provided. The area authority or county program shall inform the claimant in the
27 notice that the invoice will be reopened if the information previously requested is
28 submitted to the area authority or county program within one year after the date of the
29 denial notice closing the invoice.

30 (e) Payments for services provided by a claimant under the contract with the area
31 authority or county program that are not made in accordance with this section shall bear
32 interest at the annual percentage rate of eighteen percent (18%) beginning on the date
33 following the day on which the invoice should have been paid. If additional information
34 was requested by the area authority or county program under subsection (b) of this
35 section, interest on invoice payments shall begin to accrue on the 31st day after the area
36 authority or county program received the additional information. A payment is
37 considered made on the date upon which a check, draft, or other valid negotiable
38 instrument is placed in the United States Postal Service in a properly addressed,
39 postpaid envelope, or, if not mailed, on the date of the electronic transfer or other
40 delivery of the payment to the claimant. This subsection does not apply to claims for
41 services that are not part of the contract between the area authority or county program;
42 nor does this subsection apply to payments or other amounts for which the area
43 authority or county program is not liable.

1 (f) An area authority or county program may require that claims be submitted
2 within 180 days after the date of the services rendered by the health care provider and,
3 in the case of health care provider facility claims, within 180 days after the date of the
4 patient's discharge from the facility. However, an area authority or county program may
5 not limit the time in which invoices may be submitted to fewer than 180 days. Unless
6 otherwise agreed to by the area authority or county program and the claimant, failure to
7 submit an invoice within the time required does not invalidate or reduce any invoice if it
8 was not reasonably possible for the claimant to file the invoice within that time,
9 provided that the invoice is submitted as soon as reasonably possible and in no event,
10 later than one year from the time submittal of the invoice is otherwise required.

11 (g) To the extent permitted by the contract between the area authority or county
12 program and the health care provider or health care facility, the area authority or county
13 program may recover overpayments made to the health care provider or health care
14 facility by making demands for refunds and by offsetting future payments. Any such
15 recoveries may also include related interest payments that were made under the
16 requirements of this section. Recoveries by the area authority or county program must
17 be accompanied by the specific reason and adequate information to identify the specific
18 invoice. To the extent permitted by the contract between the area authority or county
19 program and the health care provider or health care facility, the health care provider or
20 health care facility may recover underpayments or nonpayments by the area authority or
21 county program by making demands for refunds. Any such recoveries by the health care
22 provider or health care facility of underpayments or nonpayment by the area authority
23 or county program may include applicable interest under this section. The period for
24 which such recoveries may be made may be specified in the contract between the area
25 authority or county program and health care provider or health care facility.

26 (h) Every area authority or county program shall maintain written or electronic
27 records of its activities under this section, including records of when each invoice was
28 received, paid, denied, or pending, and the area authority's or county program's review
29 and handling of each invoice under this section, sufficient to demonstrate compliance
30 with this section.

31 (i) An area authority or county program is not in violation of this section nor
32 subject to interest payments under this section if its failure to comply with this section is
33 caused in material part by (i) the person submitting the invoice, or (ii) by matters
34 beyond the area authority's or county program's reasonable control, including an act of
35 God, insurrection, strike, fire, or power outages. In addition, an area authority or county
36 program is not in violation of this section or subject to interest payments to the claimant
37 under this section if the area authority or county program has a reasonable basis to
38 believe that the invoice was submitted fraudulently and notifies the claimant of the
39 alleged fraud.

40 (j) Nothing in this section limits or impairs a client's or patient's liability under
41 existing law for payment for services rendered."

42 **SECTION 2.** This act is effective when it becomes law.