

SESSION OF 2014

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2552**

As Amended by House Committee on Health  
and Human Services

**Brief\***

HB 2552 would require any contract between the Kansas Medical Assistance Program (KMAP) and any managed care organization (MCO) to require the allowed amount on all clean claims be fully paid or denied within 30 days after receipt and the allowed amount on all other claims be fully paid or denied within 90 days after receipt. The bill also would require the contract to include a late payment provision which would require the MCOs to pay the provider at the rate of 12.0 percent per annum for each month the MCO did not fully pay the allowed amount or deny the claims within the assigned time limits.

The bill also would require the KMAP to require MCOs' contracts with providers to include a provider's rights provision. A provider with a claim that remains unpaid by an MCO after the applicable time limits may bring a direct cause of action against the MCO for the amount of the unpaid claim and interest.

The terms "claim" and "clean" would be assigned the same meanings as provided in 42 CFR 447.45(b).

The bill would require the Secretary of Health and Environment to adopt rules and regulations to carry out the claim payment requirements and penalties.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

## **Background**

The bill was introduced by the House Committee on Health and Human Services. At the House Committee hearing, proponents of the bill were representatives of InterHab, the Kansas Department for Aging and Disability Services, the Kansas Department of Health and Environment, the Kansas Hospital Association, the Kansas Lieutenant Governor's Office, and the Kansas Medical Society.

Proponents stated payment delays can create cash flow problems for small independent health care providers, and the passage of the bill would add another tool to assure providers that timeliness of claims remains a clear priority for the KMAP.

Written-only proponent testimony was provided jointly by Amerigroup, Sunflower State Health Plans, and UnitedHealthcare and by the Association of Community Mental Health Centers of Kansas, the Kansas Association of Osteopathic Medicine, Leading Age, and Via Christi.

No opponent or neutral testimony was provided.

The House Committee amended the bill to require the full payment of the allowed amount by MCOs to providers within the specified amount of time. The House Committee also amended the bill to require the KMAP to require MCOs' contracts with providers include a provider's rights provision. Finally, the House Committee amended the bill to clarify a provider with a claim that remains unpaid by an MCO after the applicable time limits may bring a direct cause of action against the MCO for the amount of the unpaid claim and interest.

The fiscal note prepared by the Division of the Budget indicated passage of the bill would have no fiscal effect on the Kansas Department of Health and Environment.