

SENATE BILL 237

Introduced by Eck

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| 1/22 | Introduced |
| 1/22 | Referred to Public Health, Welfare & Safety |
| 1/22 | First Reading |
| 1/22 | Fiscal Note Requested |
| 1/27 | Fiscal Note Received |
| 1/28 | Fiscal Note Printed |
| 2/03 | Hearing |
| 2/19 | Tabled in Committee |

1 Senack BILL NO. 237
2 INTRODUCED BY Eck
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE
5 COMMISSIONER OF INSURANCE TO DEVELOP AND IMPLEMENT AN
6 ELECTRONIC HEALTH CARE CLAIMS PROCESSING SYSTEM."

7
8 STATEMENT OF INTENT

9 This bill requires a statement of intent because
10 [section 3] requires the commissioner of insurance to adopt
11 rules implementing the development of uniform health care
12 claims forms and procedures and an electronic health care
13 claims processing system.

14 The legislature intends that the commissioner adopt
15 rules phasing in the electronic claims processing system
16 over a period of time chosen by the commissioner, but not to
17 exceed 6 years. The first phase of the system should be the
18 adoption of uniform claims forms to be used by larger health
19 care providers and then by smaller providers. The
20 commissioner may also provide for exemptions from the system
21 under equitable criteria as the commissioner may determine.

22 The legislature also intends that in addition to those
23 subjects addressed in [section 3], the rules adopted by the
24 commissioner address the areas of operational standards for
25 the electronic claims processing system and audit of the

1 system by the commissioner. The rules must address, at a
2 minimum, a time and accuracy component for claims processing
3 and penalties to be applied in the event of the system's
4 failure to meet those standards.

5
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

7 NEW SECTION. **Section 1. Definitions.** For the purposes
8 of [sections 2 and 3], the following definitions apply:

9 (1) "Commissioner of insurance" or "commissioner" means
10 the state auditor, designated as the ex officio commissioner
11 of insurance by 2-15-1903.

12 (2) "Health care provider" means a health care provider
13 as defined in 33-32-102.

14 (3) "Hospital" means a hospital as defined in 50-5-101.

15 NEW SECTION. **Section 2. Electronic claims processing**
16 **system.** (1) The commissioner of insurance shall develop,
17 administer, and supervise an electronic claims processing
18 system for all health care claims in Montana in accordance
19 with this section.

20 (2) The system must be in operation by January 1, 1999.

21 (3) All health care providers shall participate in the
22 system according to rules adopted by the commissioner.

23 (4) Persons whose records are processed by the system
24 have a right of access to those records, subject to
25 reasonable restrictions concerning notice to the system

1 operator and other matters as the commissioner shall provide
2 by rule.

3 (5) To the extent allowed by federal law, all
4 third-party health care payers paying claims for health care
5 services and items provided in the state of Montana or to
6 Montana residents shall accept claims from the system. The
7 commissioner may by rule require providers or payers with
8 the electronic capability to submit claims or remit payments
9 electronically.

10 (6) The commissioner may contract with a private or
11 public entity to administer and operate the system. If the
12 commissioner elects to contract for administration and
13 operation of the system, the commissioner shall award a
14 contract according to Title 18, chapter 4.

15 (7) The commissioner shall develop uniform health care
16 claims forms and procedures.

17 NEW SECTION. Section 3. Rulemaking authority. The
18 commissioner shall adopt appropriate rules necessary for the
19 administration and supervision of the electronic claims
20 processing system. Rules to be adopted may include but are
21 not limited to rules concerning:

- 22 (1) the scope and applicability of the system;
- 23 (2) the criteria and procedures applicable to requests
24 for exemption from participation in the system;
- 25 (3) a uniform form and procedure of claim submission

1 and payment remittance;

2 (4) requirements and alternatives for electronic claims
3 and payments;

4 (5) the types and amounts of fees that may be charged
5 by system agents to health care providers;

6 (6) requirements for system participation by health
7 care providers that are not hospitals;

8 (7) requirements for entities participating as claims
9 agents; and

10 (8) any other rules necessary to administer [sections 1
11 and 2] and this section.

12 NEW SECTION. Section 4. Duties of health care
13 authority or commission. If ___ Bill No. ___ [LC 144], ___
14 Bill No. ___ [LC 44], or similar legislation is passed and
15 approved creating a health care authority or health care
16 commission, then the authority or commission shall review
17 and recommend to the commissioner of insurance policies for
18 the creation and operation of the electronic claims
19 processing system.

20 NEW SECTION. Section 5. Codification instruction.
21 [Sections 1 through 3] are intended to be codified as an
22 integral part of Title 50, and the provisions of Title 50
23 apply to [sections 1 through 3].

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0237, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring the Commissioner of Insurance to develop and implement an electronic health care claims processing system.

ASSUMPTIONS:

1. The Insurance Commissioner (State Auditor) will plan and write specifications for the system during the 1995 biennium.
2. The design and testing of the system will not begin until the 1997 biennium.
3. The design of computer specifications will be accomplished through a contract during FY95.
4. Initial planning will require 1.00 FTE new Grade 16 staff position, associated operational costs and contracted services for data processing development.

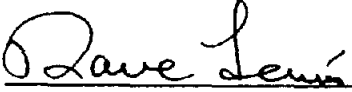
FISCAL IMPACT:

State Auditor's Office - Insurance program:

| | FY '94 | | | FY '95 | | |
|----------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|
| <u>Expenditures:</u> | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> |
| FTE | 30.00 | 31.00 | 1.00 | 30.00 | 31.00 | 1.00 |
| Personal Services | 935,160 | 970,960 | 35,800 | 937,320 | 973,120 | 35,800 |
| Operating Expenses | 168,580 | 198,580 | 30,000 | 159,270 | 239,270 | 80,000 |
| Equipment | <u>3,300</u> | <u>3,300</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | 1,107,040 | 1,172,840 | 65,800 | 1,096,590 | 1,212,390 | 115,800 |
| <u>Funding:</u> | | | | | | |
| General Fund | 1,107,040 | 1,172,840 | 65,800 | 1,096,590 | 1,212,390 | 115,800 |

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The actual design of a claims processing system during the 1997 biennium will involve significant costs. Implementation of the system in the 1999 biennium will be a major undertaking. Both design and implementation will require further legislative review.

 1-27-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 1/28/93
DOROTHY ECK, PRIMARY SPONSOR DATE

Fiscal Note for SB0237, as introduced

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