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SENATE BILL NO. 326

INTRODUCED BY Klamy _____ Synch

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING, AT THE OPTION OF THE INSURED, DIRECT PAYMENT OF DISABILITY INSURANCE BENEFITS TO A HOSPITAL OR PERSON WHO RENDERED THE SERVICE; REQUIRING AN INSURER OR PERSON WHO RECEIVES NOTICE OF A LIEN FILED BY A HEALTH CARE PROVIDER OR HOSPITAL TO MAKE PAYMENT DIRECTLY TO THE PROVIDER OR HOSPITAL; AMENDING SECTIONS 33-22-212, 33-22-505, 33-22-604, AND 71-3-1117, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 33-22-212, MCA, is amended to read:

"33-22-212. Payment of claims. (1) There ~~shall be~~ is a provision as follows:

"Payment of Claims: Indemnity for loss of life ~~will be~~ is payable in accordance with the beneficiary designation and the provisions respecting ~~such~~ the payment ~~which that~~ that may be prescribed ~~herein~~ in this policy and effective at the time of payment. If ~~no such~~ a designation or provision is ~~then~~ not effective, ~~such~~ the indemnity ~~shall be~~ is payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to ~~such~~ the beneficiary or to ~~such~~ the estate. All other indemnities will be payable to the insured."

(2) The following ~~provisions, or either of them,~~ provision may be included with the foregoing provision in subsection (1) at the option of the insurer:

"If any indemnity of this policy ~~shall be~~ is payable to the estate of the insured or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay ~~such~~ the indemnity, up to an amount not exceeding \$.... (insert an amount which shall not exceed \$1,000), to ~~any~~ a relative by blood or connection by marriage of the insured or beneficiary who is ~~deemed~~ considered by the insurer to be equitably entitled ~~thereto~~ to the indemnity. ~~Any~~ A payment made by the insurer in good faith pursuant to this provision ~~shall fully discharge~~ discharges the insurer to the extent of ~~such~~ the payment."

(3) ~~Subject to any written direction of the insured in the application or otherwise,~~ all The policy of

1 insurance must include a provision that all or a portion of any indemnities provided by ~~this~~ the policy ~~on~~
 2 ~~account of~~ for hospital, nursing, medical, dental, or surgical services may, ~~at the insurer's option and unless~~
 3 ~~the insured requests otherwise in writing not later than the time of filing proof of such loss,~~ be paid directly
 4 to the hospital or person rendering ~~such~~ the services; ~~but it.~~ At the option of the insured, all or a portion
 5 of indemnities provided by the policy must be paid directly to the hospital or person rendering the service.
 6 It is not required that the service be rendered by a particular hospital or person."

7
 8 **Section 2.** Section 33-22-505, MCA, is amended to read:

9 **"33-22-505. Direct payment of hospital and medical services.** ~~Any~~ A group disability policy ~~may~~
 10 ~~on request by the group policyholder provide~~ must contain a provision in each policy that all or ~~any~~ a
 11 portion of any indemnities provided by ~~any~~ such the policy ~~on account of~~ for hospital, nursing, medical,
 12 dental, or surgical services may, ~~at the insurer's option,~~ be paid directly to the hospital or person rendering
 13 ~~such~~ the services; ~~but the.~~ At the option of the group policyholder, all or a portion of any indemnities
 14 provided by the policy must be paid directly to the hospital or person rendering the service. The policy may
 15 not require that the service be rendered by a particular hospital or person. Payment ~~so~~ made ~~shall discharge~~
 16 discharges the insurer's obligation with respect to the amount of insurance ~~so~~ paid."

17
 18 **Section 3.** Section 33-22-604, MCA, is amended to read:

19 **"33-22-604. Payment of claims -- discharge.** (1) All benefits under ~~any~~ a blanket disability policy
 20 ~~shall be~~ are payable to the person insured, ~~or to his~~ the designated beneficiary or beneficiaries, ~~or to his~~
 21 the estate; ~~except that if~~ of the person insured. If the person insured ~~be~~ is a minor or mental incompetent,
 22 ~~such~~ the benefits may be made payable to ~~his~~ a parent, guardian, or other person actually supporting ~~him;~~
 23 ~~or if~~ the minor or mental incompetent. If the entire cost of the insurance has been borne by the employer
 24 ~~such,~~ the benefits may be made payable to the employer. ~~Provided, however~~ However, that the policy may
 25 provide that all or ~~any~~ a portion of any indemnities provided by ~~such~~ the policy on account of hospital,
 26 nursing, medical, dental, or surgical services may, ~~at the insurer's option,~~ be paid directly to the hospital
 27 or person rendering ~~such~~ the services; ~~but the.~~ At the option of the insured, all or a portion of any
 28 indemnities provided by the policy must be paid directly to the hospital or person rendering the service.
 29 The policy may not require that the service be rendered by a particular hospital or person.

30 (2) Payment ~~so~~ made ~~shall discharge~~ discharges the insurer's obligation with respect to the amount

1 of insurance ~~se~~ paid."

2

3 **Section 4.** Section 71-3-1117, MCA, is amended to read:

4 **"71-3-1117. Liability for failure to recognize lien.** (1) If any an insurer or person, after receiving
5 notice of lien, makes payment on account of injury, disease, counseling service, or death and the amount
6 of the lien claimed by any physician, nurse, physical therapist, occupational therapist, chiropractor, person
7 practicing dentistry, psychologist, licensed social worker, licensed professional counselor, or hospital has
8 not been paid, the insurer or person is liable to the physician, nurse, physical therapist, occupational
9 therapist, chiropractor, person practicing dentistry, psychologist, licensed social worker, licensed
10 professional counselor, or hospital for the reasonable value of the services.

11 (2) An insurer or person who receives written notice of a lien pursuant to 71-3-1115 shall pay the
12 amount of the lien directly to the physician, nurse, physical therapist, occupational therapist, chiropractor,
13 person practicing dentistry, psychologist, licensed social worker, licensed professional counselor, or hospital
14 and may not make the payment jointly to the person to whom the medical service was rendered and to the
15 person who provided the service if the insurer or person has determined that the amount is owed to the
16 person who provided the service."

17

18 **NEW SECTION. Section 5. Applicability.** [This act] applies to a policy or certificate of disability
19 and to a health service membership contract entered into or renewed on or after [the effective date of this
20 act] and to a lien noticed on or after [the effective date of this act].

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SENATE BILL NO. 326

INTRODUCED BY Klump _____ Lynch

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"Payment of Claims: Indemnity for loss of life ~~will be~~ is payable in accordance with the beneficiary designation and the provisions respecting ~~such the~~ the payment ~~which that~~ that may be prescribed ~~herein in this~~ in this policy and effective at the time of payment. If ~~no such a~~ a designation or provision is ~~then not~~ not effective, ~~such the~~ the indemnity ~~shall be~~ is payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to ~~such the~~ the beneficiary or to ~~such the~~ the estate. All other indemnities will be payable to the insured."

(2) The following ~~provisions, or either of them,~~ provision may be included with the ~~foregoing~~ provision in subsection (1) at the option of the insurer:

"If any indemnity of this policy ~~shall be~~ is payable to the estate of the insured or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay ~~such the~~ the indemnity, up to an amount not exceeding \$.... (insert an amount which shall not exceed \$1,000), to ~~any a~~ a relative by blood or connection by marriage of the insured or beneficiary who is ~~deemed~~ considered by the insurer to be equitably entitled ~~thereto~~ to the indemnity. ~~Any A~~ A payment made by the insurer in good faith pursuant to this provision ~~shall fully discharge~~ discharges the insurer to the extent of ~~such the~~ the payment."

(3) ~~Subject to any written direction of the insured in the application or otherwise, all~~ The policy of



1 ~~insurance must include a provision that all~~ or a portion of any indemnities provided by ~~this~~ the policy on
 2 ~~account of~~ for hospital, nursing, medical, dental, or surgical services may, ~~at the insurer's option and unless~~
 3 ~~the insured requests otherwise in writing not later than the time of filing proof of such loss,~~ be paid directly
 4 to the hospital or person rendering ~~such~~ the services; but it. At the option of the insured, all or a portion
 5 of indemnities provided by the policy must be paid directly to the hospital or person rendering the service.
 6 It is not required that the service be rendered by a particular hospital or person."

7
 8 **Section 2.** Section 33-22-505, MCA, is amended to read:

9 **"33-22-505. Direct payment of hospital and medical services.** ~~Any~~ A group disability policy ~~may~~
 10 ~~on request by the group policyholder provide~~ must contain a provision in each policy that all or ~~any~~ a
 11 portion of any indemnities provided by ~~any such~~ the policy on account of for hospital, nursing, medical,
 12 dental, or surgical services may, ~~at the insurer's option,~~ be paid directly to the hospital or person rendering
 13 ~~such~~ the services; but the. At the option of the group policyholder, all or a portion of any indemnities
 14 provided by the policy must be paid directly to the hospital or person rendering the service. The policy may
 15 not require that the service be rendered by a particular hospital or person. Payment ~~se~~ ~~made shall discharge~~
 16 discharges the insurer's obligation with respect to the amount of insurance ~~se~~ paid."

17
 18 **Section 3.** Section 33-22-604, MCA, is amended to read:

19 **"33-22-604. Payment of claims -- discharge.** (1) All benefits under ~~any~~ a blanket disability policy
 20 ~~shall be~~ are payable to the person insured, ~~or to his~~ the designated beneficiary or beneficiaries, ~~or to his~~
 21 the estate; except that if of the person insured. If the person insured ~~be~~ is a minor or mental incompetent,
 22 ~~such~~ the benefits may be made payable to ~~his~~ a parent, guardian, or other person actually supporting ~~him;~~
 23 ~~or if~~ the minor or mental incompetent. If the entire cost of the insurance has been borne by the employer
 24 ~~such,~~ the benefits may be made payable to the employer. ~~Provided, however~~ However, ~~that~~ the policy may
 25 provide that all or ~~any~~ a portion of any indemnities provided by ~~such~~ the policy on account of hospital,
 26 nursing, medical, dental, or surgical services may, ~~at the insurer's option,~~ be paid directly to the hospital
 27 or person rendering ~~such~~ the services; but the. At the option of the insured, all or a portion of any
 28 indemnities provided by the policy must be paid directly to the hospital or person rendering the service.
 29 The policy may not require that the service be rendered by a particular hospital or person.

30 (2) Payment ~~se~~ ~~made shall discharge~~ discharges the insurer's obligation with respect to the amount

1 of insurance ~~be~~ paid."

2

3 **Section 4.** Section 71-3-1117, MCA, is amended to read:

4 "71-3-1117. **Liability for failure to recognize lien.** (1) If ~~any~~ an insurer or person, after receiving
5 notice of lien, makes payment on account of injury, disease, counseling service, or death and the amount
6 of the lien claimed by any physician, nurse, physical therapist, occupational therapist, chiropractor, person
7 practicing dentistry, psychologist, licensed social worker, licensed professional counselor, or hospital has
8 not been paid, the insurer or person is liable to the physician, nurse, physical therapist, occupational
9 therapist, chiropractor, person practicing dentistry, psychologist, licensed social worker, licensed
10 professional counselor, or hospital for the reasonable value of the services.

11 (2) An insurer or person who receives written notice of a lien pursuant to 71-3-1115 shall pay the
12 amount of the lien directly to the physician, nurse, physical therapist, occupational therapist, chiropractor,
13 person practicing dentistry, psychologist, licensed social worker, licensed professional counselor, or hospital
14 and may not make the payment jointly to the person to whom the medical service was rendered and to the
15 person who provided the service if the insurer or person has determined that the amount is owed to the
16 person who provided the service."

17

18 **NEW SECTION.** **Section 5. Applicability.** [This act] applies to a policy or certificate of disability
19 and to a health service membership contract entered into or renewed on or after [the effective date of this
20 act] and to a lien noticed on or after [the effective date of this act].

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