



Ohio Legislative Service Commission

Bill Analysis

Jeffery A. Bernard

S.B. 137

128th General Assembly
(As Introduced)

Sen. R. Miller

BILL SUMMARY

- Provides that the Ohio prompt payment law applies to payment of claims by Medicaid managed care organizations for health care services provided to Medicaid managed care participants.

CONTENT AND OPERATION

Prompt payment requirements for Medicaid managed care organizations

(R.C. 3901.38 to 3901.3814 and 5111.178 (repealed))

Background

"Prompt payment" refers to the timely processing of claims for payment to health care providers entitled to reimbursement for services rendered.¹ Medicaid managed care organizations are subject to prompt payment requirements established under federal Medicaid law, but Ohio law currently excludes the laws that govern prompt payment by other health insurers.

Under federal law, a Medicaid managed care organization must pay 90% of all clean claims² from practitioners within 30 days of receipt of the claims for payment. The organization must pay 99% of those claims within 90 days of receipt. With certain exceptions, all other claims must be paid within 12 months of receipt.³ The organization

¹ A provider is defined as a hospital, nursing home, physician, podiatrist, dentist, pharmacist, chiropractor, or other health care provider (R.C. 3901.38).

² A "clean claim" is defined as one that can be processed without obtaining additional information from the provider of the service or from a third party (42 C.F.R. 447.45).

³ 42 C.F.R. 447.45.

and its providers may, by mutual agreement, establish an alternative payment schedule.⁴

In general, Ohio's health insurance prompt payment law requires a claim to be paid or denied no later than 30 days after receipt. An additional 15 days for payment is permitted if supporting documentation is necessary to reimburse the claim.⁵ Ohio's prompt payment requirements apply only to claims submitted electronically and the claims must be submitted on the standard claim form adopted by the Superintendent of Insurance.⁶

With regard to Medicaid managed care organizations, current law requires the Director of Job and Family Services to seek, if necessary, a waiver of federal Medicaid requirements from the United States Secretary of Health and Human Services to apply Ohio's prompt payment law to the organizations. Until the waiver is granted, or it is determined that the waiver is not necessary, Medicaid managed care organizations are exempt from Ohio's prompt payment law under current law.

Exemption removed

The bill provides that the Ohio prompt payment law applies to the payment of claims by Medicaid managed care organizations for health care services provided to Medicaid managed care participants. It repeals the law requiring the Director of Job and Family Services to apply for any necessary federal Medicaid waiver. The bill specifies that its application of Ohio's prompt payment law to Medicaid managed care organizations does not affect the Department of Job and Family Services' authority to do either of the following: (1) act as the single state Medicaid agency or (2) enter into contracts with managed care organizations.

HISTORY

ACTION	DATE
Introduced	06-16-09

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⁴ 42 C.F.R. 447.46.

⁵ R.C. 3901.381.

⁶ R.C. 3901.381, 3901.382, and 3902.22.