



SPONSOR: Rep. B. Short & Rep. Paradee & Sen. Bushweller
Reps. Carson, Kowalko, D. Short; Sens. Ennis, Lopez,
Townsend

HOUSE OF REPRESENTATIVES
149th GENERAL ASSEMBLY

HOUSE BILL NO. 172

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO HEALTH INSURANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend Chapter 27, Title 18 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 2730. Collection of overpayments by health insurers and health plans.

4 (a) Other than recovery for duplicate payments, a health insurer or health plan shall provide thirty days written
5 notice to healthcare providers, before engaging in additional overpayment recovery efforts seeking recovery of the
6 overpayment of claims to such healthcare providers. Such notice shall state the patient name, service date, payment
7 amount, proposed adjustment, and a reasonably specific explanation of the proposed adjustment.

8 (b) A health insurer or health plan shall provide a healthcare provider with the opportunity to challenge an
9 overpayment recovery, including the sharing of claims information, and shall establish written policies and procedures for
10 healthcare providers to follow to challenge an overpayment recovery.

11 (c) A health insurer or health plan shall not initiate overpayment recovery efforts more than twenty-four months
12 after the original payment for the claim was made. No such time limit shall apply to overpayment recovery efforts which
13 are:

14 (1) Based on a reasonable belief of fraud or other intentional misconduct;

15 (2) Required by, or initiated at the request of, a self-insured plan; or

16 (3) Required by a state or federal government plan.

17 (d) Nothing in this section shall be deemed to limit a health insurer's or health plan's right to pursue recovery of
18 overpayments that occurred prior to the effective date of this section where the health insurer or health plan has provided
19 the healthcare provider with notice of such recovery efforts prior to the effective date of this section.

20 (e) For purposes of this section "health insurer" shall mean any entity or plan that provides health insurance in this
21 State. Such terms shall include an insurance company, health service corporation, managed care organization, health
22 maintenance organization, and any other entity providing a plan of health insurance or health benefits subject to state

23 insurance regulation. "Health insurer" shall also include any third-party administrator or other entity that adjusts,
24 administers or settles claims in connection with health benefit plans.

25 (f) For purposes of this section, "health plan" shall mean any hospital or medical policy or certificate, major
26 medical expense insurance, health service corporation subscriber contract, health maintenance organization subscriber
27 contract, managed care organization subscriber contract, dental or vision plan. Health plan does not include accident-only,
28 credit, Medicaid plans, long-term care or disability income insurance, coverage issued as a supplement to liability
29 insurance, worker's compensation or similar insurance or automobile medical payment insurance.

30 Section 2. This Act shall take effect 90 days after its enactment.

SYNOPSIS

This Bill limits a health insurer's right to overpayment recovery to two years from the date of the original payment. The time limit does not apply where there is fraud or other intentional misconduct, when overpayment recovery is initiated by a self-insured plan, or where required by a federal or state plan. The bill also requires 30 days' notice to healthcare providers regarding an attempt to recover overpayment as well as requiring insurers to have policies and procedures allowing challenge to the alleged overpayment. This bill affects all lines of health insurance including both individual and group policies.