

# State Corporation Commission

## 2024 Session Fiscal Impact Statement

**1. Bill Number:** SB425

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Favola

**3. Committee:** Commerce and Labor

**4. Title:** Health insurance; ethics and fairness in carrier business practices.

**5. Summary:** Makes various changes to requirements governing the business practices of health carriers in the processing and payment of claims. The bill prescribes criteria for what constitutes a "clean claim". The bill provides that the time limit for a retroactive denial is 12 months; however, a provider and a carrier may agree in writing that recoupment of overpayments by withholding or offsetting against future payments may occur after such 12 month-limit. The bill requires carriers, beginning July 1, 2025, to make available an electronic means for providers to determine whether an enrollee is covered by a health plan. The bill provides that the ethics and fairness requirements apply to the carrier and provider, regardless of any vendors, subcontractors, or other entities that have been contracted by the carrier or the provider to perform their duties. The bill provides that if a carrier's claim denial is overturned following completion of a dispute review, the carrier is required to consider the claims impacted by such decision as clean claims and all applicable laws related to the payment of a clean claim apply. The bill prohibits a provider from filing a complaint with the State Corporation Commission for failure to pay claims unless such provider has made a reasonable effort to confer with the carrier in order to resolve the issues related to all claims that are under dispute. Finally, the bill requires all provider contracts, amendments, and notices and certain other communications to be delivered electronically.

**6. Budget amendment necessary:** No

**7. Fiscal Impact Estimates:** No Fiscal Impact on the State Corporation Commission

**8. Fiscal Implications:** None on the State Corporation Commission

**9. Specific agency or political subdivisions affected:** State Corporation Commission Bureau of Insurance

**10. Technical amendment necessary:** No

**11. Other comments:** The State Corporation Commission Bureau of Insurance led a work group which developed consensus on a number of revisions to the Ethics & Fairness in Carrier Business Practices Act at the direction of the 2023 General Assembly. Senate Bill 425 and its companion, House Bill 123, reflect the consensus recommendations of the work group.

**Date:** 01/19/24/V. Tompkins