



Legislation to Protect Health Care Providers from Clawbacks

Lead Sponsor: Representative Jim O'Day

Current Problem: Health care providers are required to meet billing deadlines (usually 60 or 90 days) and get prior authorization before providing services (or within 24 hours) in order to receive payment for services, while no such timeline exists for insurance companies to prevent them from recouping payment from providers for services delivered after the fact.

- Health insurance companies have the ability to audit and take back reimbursements (clawbacks) given to health care providers for services rendered, sometimes years in the past. The process for doing this is not transparent and has a chilling effect on how health care providers practice and the access to services. Currently, many other states have statutes on the books that protect health care providers from this practice.

MassHealth members are able to change managed care companies daily. This is an administrative disaster for providers -- since each managed care company has its own service authorization, billing, and contracting rules. Providers must check the MassHealth Eligibility Verification System (EVS) daily to confirm each client's managed care enrollment to bill the appropriate payer.

- MassHealth managed care companies will "clawback" money from providers' months after care was provided -- because MassHealth has changed an individual's coverage status to another payer. At this point, it is often too late for providers to bill the other payer, or it is an extremely cumbersome process with more than one appeal to receive one payment.

Our Legislation will:

- Limit both MassHealth and commercial health insurers to a six month period for recovering payments to a provider for services completed. When providers deliver a service in good faith and in compliance with eligibility rules, they should be compensated without fear of insurance companies taking-back these reimbursements years or months after the services were provided.
- Require that MassHealth institute a back-end process to reconcile payment between payers without involving the provider. This process could mirror the current process in the auto insurance industry.

Please support this bill to prevent providers from losing payment for services they have provided in good faith based on the best information available to them at the time of service. If you have any questions on the bill please contact Vic DiGravio, ABH (vdigravio@abhmass.org) or Melody Hugo, SEIU Local 509 (mhugo@seiu509.org)