

MEMO IN OPPOSITION

FOR IMMEDIATE RELEASE: MAY 16, 2006

Re: A.5863 (Weprin)/S.441 (Larkin)

An act to amend insurance law, in relation to requiring certain insurers to provide a physical address for the processing of health insurance claims by providers of services.

This legislation, A.5863/S441, would require health insurers to provide a physical address for the mail delivery of claims submitted by providers. The New York Health Plan Association (HPA) opposes this legislation because it perpetuates the use of paper claims, unnecessarily delaying their processing.

A.5863/S.441 AND THE “LAW OF UNINTENDED CONSEQUENCES”

This legislation clearly demonstrates the law of unintended consequences. Health insurer prompt pay laws enacted in 1999 were passed, in part, to speed claims payments to providers. These laws placed insurers under tight time frames to adjudicate provider claims. The genesis of this legislation was a single health plan that by striving to streamline its claims processing, reasoned that a designated PO box for provider paper claims would hasten their processing - providing a superior alternative to having the claims mixed with the general mail, which required additional handling and sorting. While the plan did not preclude providers from sending claims to the plan’s physical location, using the PO box would expedite their payment.

A.5863/S.441 DISCOURAGES ELECTRONIC CLAIMS SUBMISSION

Under Department of Health regulation, health care providers are required to submit all claims electronically. If this regulation were enforced, the necessity for this legislation would be eliminated. Instead A.5863/S.441 encourages providers who eschew technology to continue sending paper claims. Providers and plans have benefited from electronic processing of claims in the form of reduced payment timeframes, real time plan/provider interactions on questionable claims, and decreased administrative costs for both plans and providers.

As New York seeks to be a leader in introducing information technology to its health care system, A.5863/S.441 represents a retreat from that position. The Legislature should work to facilitate the use of effective technologies instead of considering this legislation.

For all these reasons and more, HPA opposes A.5863/S.441.

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The New York Health Plan Association represents 31 managed care health plans that provide comprehensive health care services to nearly 6 million New Yorkers.