

**Senate File 2221 - Introduced**

SENATE FILE 2221

BY CHELGREN

**A BILL FOR**

1 An Act relating to Medicaid managed care policies and  
2 procedures.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. MEDICAID MANAGED CARE — POLICIES AND  
2 PROCEDURES. The department of human services shall adopt rules  
3 pursuant to chapter 17A and shall amend all Medicaid managed  
4 care contracts, to require all of the following:

5 1. If a managed care organization fails to pay, contest,  
6 deny, or settle a clean claim in full within the time frame  
7 established by the managed care contract, the managed care  
8 organization shall pay the claimant interest in an amount equal  
9 to eighteen percent per annum on the total amount of the claim  
10 ultimately authorized, as calculated from fifteen days after  
11 the date the claim was submitted.

12 2. For Medicaid provider claims ultimately found to be  
13 incorrectly denied or underpaid through an appeals process or  
14 audit, a managed care organization shall pay, in addition to  
15 the amount determined to be owed, interest in an amount equal  
16 to eighteen percent per annum on the total amount of the claim  
17 ultimately authorized as calculated from fifteen days after the  
18 date the claim was submitted.

19 3. A managed care organization shall provide written notice  
20 to all affected individuals at least thirty days prior to a  
21 change in administrative processes or procedures relating to  
22 the scope or coverage of benefits, billings and collections  
23 provisions, provider network provisions, member or provider  
24 services, prior authorization requirements, or any other terms  
25 of a managed care contract or agreement upon which an affected  
26 individual relies under Medicaid managed care.

27 4. A managed care organization shall pay, contest, deny, or  
28 settle a claim, in whole or in part, within forty-five business  
29 days after receipt of the claim. If a claim is contested  
30 or denied, the managed care organization shall, with as much  
31 specificity as possible, identify the claim or portion of the  
32 claim affected, provide an explanation and the reasons for  
33 contesting or denying the claim, and provide the claimant with  
34 instructions for appealing the contested or denied claim.

35 5. A managed care organization shall complete the internal

1 review process for any claim submitted within ninety business  
2 days of receipt of the request for internal review. If the  
3 first level of review is not completed within the ninety-day  
4 period, the claim shall be subject to contested case review  
5 pursuant to chapter 17A, notwithstanding the fact that the  
6 claimant has not exhausted the managed care organization's  
7 internal review process and received a final written  
8 determination from the managed care organization.

9

EXPLANATION

10           The inclusion of this explanation does not constitute agreement with  
11           the explanation's substance by the members of the general assembly.

12       This bill requires the department of human services (DHS)  
13 to adopt administrative rules and amend all Medicaid managed  
14 care contracts to require compliance with various policies and  
15 procedures.

16       The bill provides that if a managed care organization (MCO)  
17 fails to pay, contest, deny, or settle a clean claim in full  
18 within the time frame established by the managed care contract,  
19 the MCO is required to pay the claimant interest equal to 18  
20 percent per annum on the total amount of the claim ultimately  
21 authorized as calculated from 15 days after the date the claim  
22 was submitted. For claims ultimately found to be incorrectly  
23 denied or underpaid through an appeals process or audit, an MCO  
24 is required to pay, in addition to the amount determined to be  
25 owed, interest of 18 percent per annum on the total amount of  
26 the claim authorized.

27       The bill requires an MCO to provide written notice to all  
28 affected individuals at least 30 days prior to a change in any  
29 term of a managed care contract or agreement upon which an  
30 affected individual has relied under the Medicaid managed care  
31 program.

32       The bill requires an MCO to pay, contest, or deny a claim,  
33 in whole or in part, within 45 business days after receipt of  
34 the claim. If a claim is contested or denied, the managed  
35 care organization shall, with as much specificity as possible,

1 identify the claim or portion of the claim affected, provide  
2 an explanation and the reasons for contesting or denying the  
3 claim, and provide the claimant with instruction for appeal of  
4 the claim.

5 The bill requires an MCO to complete the internal review  
6 process for any claim submitted within 90 business days of  
7 receipt of the request for internal review. If the internal  
8 review is not completed within the 90-day period, the claim is  
9 subject to contested case review pursuant to Code chapter 17A,  
10 notwithstanding the fact that the claimant has not exhausted  
11 the managed care organization's internal review process and  
12 received a final written determination from the MCO.