



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

JAN 19 2001

The Honorable Joanne M. S. Brown
Legislative Secretary
I Mina'Bente Singko na Liheslaturan Guåhan
Twenty-Fifth Guam Legislature
Suite 200
130 Aspinal Street
Hagåtña, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>[Signature]</u>
Time	<u>9:32 a.m.</u>
Date	<u>19 Jan 2001</u>

Dear Legislative Secretary Brown:

Enclosed please find Substitute Bill No. 446 (COR), "AN ACT TO ADD ARTICLE 9 TO CHAPTER 9 OF TITLE 10 OF THE GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING PROMPT PAYMENT REQUIREMENTS FOR HEALTH CARE AND HEALTH INSURANCE CLAIMS," which I have signed into law as Public Law No. 25-189.

This legislation, while not interfering with the on-going performance of existing payment contracts between private providers and the Guam Memorial Hospital, tries to provide a framework for paying medical claims promptly. It provides a time line for payments – 45 days for "clean" claims, defined as those which can ordinarily be paid without additional information. It provides a 30-day time line to request additional information on disputed claims, and a 90-day time line for the Guam Memorial Hospital to respond to requests for additional information. Other health care providers only have 45 days to respond. It also provides that, if a health care provider does not submit a claim for payment within 90 days from the date health services were rendered, that there is no obligation for either the health care payor or the patient to pay.

On claims not paid timely, a 12% interest rate is charged.

Very truly yours,

[Signature]
Earl T. C. Gutierrez
I Maga'Lahen Guåhan
Governor of Guam

Attachment: copy attached for signed bill or overridden bill
original attached for vetoed bill


cc: The Honorable Antonio R. Unpingco
Speaker

0053

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
2000 (SECOND) Regular Session

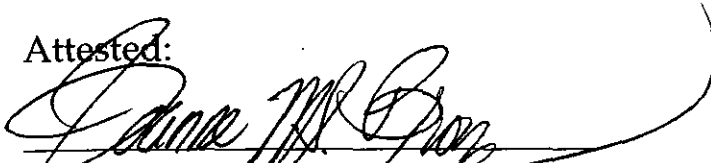
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Substitute Bill No. 446 (COR), "AN ACT TO ADD ARTICLE 9 TO CHAPTER 9 OF TITLE 10 OF THE GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING PROMPT PAYMENT REQUIREMENTS FOR HEALTH CARE AND HEALTH INSURANCE CLAIMS." was on the 20th day of December 2000, duly and regularly passed.



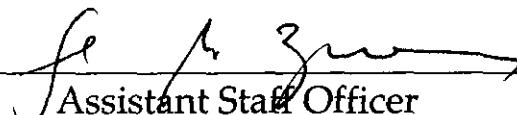
ANTONIO R. UNPINGCO
Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahaen Guahan* this 26th day of December, 2000,
at 3: 35 o'clock P.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: 1-18-01

Public Law No. 25-189

MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
2000 (SECOND) Regular Session

Bill No. 446(COR)

As substituted by the Committee
on Health, Human Services and
Chamorro Heritage and amended on the Floor.

Introduced by:

S. A. Sanchez, II
F. B. Aguon, Jr.
E. C. Bermudes
A. C. Blaz
J. M.S. Brown
E. B. Calvo
M. G. Camacho
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
V. C. Pangelinan
J. C. Salas
A. R. Unpingco

**AN ACT TO ADD ARTICLE 9 TO CHAPTER 9 OF
TITLE 10 OF THE GUAM CODE ANNOTATED,
RELATIVE TO ESTABLISHING PROMPT
PAYMENT REQUIREMENTS FOR HEALTH CARE
AND HEALTH INSURANCE CLAIMS.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Short Title.** This Article shall be known as the "*Prompt*
3 *Payment Act of 2000.*"

4 **Section 2. Legislative Intent.** Prompt payment legislation has been

1 payment of the claims.

2 (d) *'Deny,' 'denying' or 'denied'* means the assertion by a
3 Health Plan Administrator that it has no, or partial, liability to pay
4 a claim based upon eligibility of the patient, coverage of a service,
5 medical necessity of a service, liability of another payer or other
6 grounds.

7 (e) *'Health Plan Administrator'* means insurance companies,
8 health plan providers, all companies defined as third party payers,
9 including, but *not* limited to, health maintenance organizations,
10 medical service organizations, governmental organizations,
11 worker's compensation organization, or other legal entities
12 providing or applying to provide third party payment or health
13 insurance or payment for healthcare services that are organized
14 and operating under the laws of Guam.

15 (f) *'Health Care Provider'* means any health care facility,
16 hospital, clinic, laboratory, nursing home, home health agency,
17 pharmacy, physician, dentist, nurse, acupuncturist, chiropractor,
18 or any other practitioner or organized entity certified or licensed
19 to provide health care services on Guam.

20 **Section 9902. Prompt Payment for Health Care and Health**
21 **Insurance Benefits.** (a) This Section applies to Health Plan
22 Administrators, as defined by this Act, organized and operating
23 under the laws of Guam.

24 (b) Health Plan Administrators shall reimburse a Clean
25 Claim, or any portion thereof, submitted by a patient or Health

1 Care Provider, that is eligible for payment and *not* contested or
2 denied *not more than* forty-five (45) calendar days *after* receiving
3 the Clean Claim filed in writing.

4 (c) *If* a claim is contested or denied, or requires more time
5 for review by the Health Plan Administrator, the Health Plan
6 Administrator shall notify the Health Care Provider in writing *not*
7 *more than* thirty (30) calendar days after receiving a claim filed for
8 payment. The notice shall identify the contested or denied portion
9 of the claim and the specific reason for contesting or denying the
10 claim, and may request additional information. Requests for
11 information on a contested or denied claim, or portion thereof,
12 shall be reasonable and relevant to the determination of why the
13 claim is being contested or denied. In no event may a claim be
14 contested or denied for the lack of information that has no factual
15 impact upon the Health Plan Administrator's ability to adjudicate
16 the claim.

17 (d) *If* information received pursuant to a request for
18 additional information is satisfactory to warrant paying the Clean
19 Claim, the Clean Claim shall be paid *not more than* forty-five (45)
20 calendar days after receiving the additional information in
21 writing.

22 (e) The payment of a Clean Claim under this Section shall
23 be effective upon the date of postmark of the mailing.

24 (f) Health Care Providers shall be responsible for
25 obtaining proof in writing that a specific claim was delivered to a

1 Health Plan Administrator on a specific date for determining the
2 time periods for the purposes of prompt payment.

3 (g) Notwithstanding any provisions to the contrary,
4 interest shall be allowed to accrue at a rate of twelve percent (12%)
5 per annum as damages for money owed by a Health Plan
6 Administrator for payment of a Clean Claim, or portion thereof,
7 that exceeds the applicable reimbursement time limitations under
8 this Section, including applicable costs for collecting past due
9 payments as provided in §9905 of this Act, as follows:

10 (1) for an uncontested Clean Claim:

11 (i) filed in writing, interest from the first
12 calendar day after the forty-five (45) day period in
13 Subsection 9902(b); *or*

14 (2) for a contested claim, or portion thereof, filed in
15 writing:

16 (i) for which notice was provided under
17 Subsection 9902(c), interest from the first calendar day
18 forty-five (45) days after the date the additional
19 information is received; *or*

20 (ii) for which notice was provided, but *not*
21 within the time specified under Subsection 9902(c),
22 interest from the first calendar day after the claim is
23 received.

24 (h) Each Health Care Provider shall notify the Health Plan
25 Administrator and patient in writing of all claims for which they

1 intend to charge interest. Any interest that accrues as a result of
2 the delayed payment of a Clean Claim, or any portion thereof, in
3 accordance with the provisions of this Act shall be *automatically*
4 added by the Health Plan Administrator to the amount of the
5 unpaid Clean Claims due the Health Care Provider.

6 (i) Interest shall only apply to the principal portion of the
7 claim.

8 (j) The provisions of this Section shall *not* apply to the
9 payment or reimbursement of any claim, or portion thereof,
10 involving a Coordination of Benefits between multiple payers of a
11 claim.

12 **Section 9903. Timely Filing of Accurate Claims.**

13 (a) This Section applies to Health Care Providers, as
14 defined by this Act, duly certified, licensed, or organized and
15 operating under the laws of Guam.

16 (b) All claims submitted for reimbursement must be
17 submitted on a UB-92, HCFA 1500, ADA claim, or other billing
18 document generally accepted by Health Plan Administrators.
19 Claims may be submitted electronically *if* such a transmittal
20 arrangement has been agreed to by the Health Plan Administrator.

21 (c) Health Care Providers shall be responsible for the
22 accuracy of all claims filed. Duplicate claims, unbundled claims,
23 or fee-for-service claims billed in a capitated arrangement, may *not*
24 be submitted and cannot be considered for prompt payment in
25 accordance with the provisions of this Act.

1 this Act are *not* exclusive. The remedies provided herein are in addition
2 to any other remedy or procedure provided by any other law or at
3 common law.


4 **Section 9907. Effective Dates.** The provisions of this Act shall
5 *not* apply to any claim filed *prior to* the date of enactment. The Act shall
6 take effect sixty (60) days from the date of enactment into law, with the
7 exception of the government of Guam's Medically Indigent Program
8 ('MIP') whose effective date for implementation of the provisions of this
9 Act shall be March 1, 2001."

10 **Section 4. Existing Contracts to Prevail.** The provisions of §3 of
11 this Act shall *not* supercede any contract in force between a Health Plan
12 Administrator and a Health Care Provider as of the effective date of the Act.

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
2000 (SECOND) Regular Session

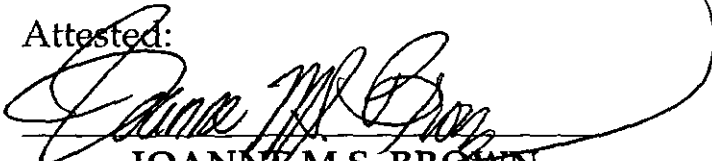
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

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ANTONIO R. UNPINGCO
Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahen Guahan* this _____ day of _____, 2000,
at _____ o'clock _____.M.

Assistant Staff Officer
Maga'lahi's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahen Guahan

Date: _____

Public Law No. _____

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
2000 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

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ANTONIO R. UNPINGCO
Speaker

Attested:

JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahaen Guahan* this _____ day of _____, 2000,
at _____ o'clock _____.M.

Assistant Staff Officer
Maga'laha's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: _____

Public Law No. _____

SENATOR K. MOYLAN
JUN 1999 # 17 1

Senator Kaleo S. Moylan
Chairperson, Committee on Housing,
General Government Services and Foreign Affairs
Mina'Bente Singko Na Liheslaturan Guåhan
Twenty-Fifth Guam Legislature

December 21, 2000

MEMORANDUM

To: The Clerk of the Legislature
The Legislative Legal Council

From: Senator Kaleo S. Moylan

Subject: Non-sponsorship of Bill Nos. 446 and 452

Because I recused myself from voting on Bill Nos. 446 and 452, I am therefore requesting that my name be removed as a co-sponsor of said measures.

Thank you,


KALEO S. MOYLAN

6

I MINA' BENTE SINGKO NA LIHESLATURAN GUAHAN

2000 (SECOND) Regular Session

Date: 12/20/00

VOTING SHEET

Bill No. 446 (COR)

Resolution No. _____

Question: _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
AGUON, Frank B., Jr.	✓				
BERMUDES, Eulogio C.	✓				
BLAZ, Anthony C.	✓				
BROWN, Joanne M.S.	111	* ✓			
CALVO, Eduardo B.	✓				
CAMACHO, Marcel G.	✓				
FORBES, Mark	1	✓			
KASPERBAUER, Lawrence F.	✓				
LAMORENA, Alberto C., V	✓				
LEON GUERRERO, Carlotta A.					✓
MOYLAN, Kaleo Scott			excused ✓		
PANGELINAN, Vicente C.	✓				
SALAS, John C.	111	* ✓			
SANCHEZ, Simon A., II	✓				
UNPINGCO, Antonio R.	111	* ✓			

TOTAL

10 3 1 0 1

CERTIFIED TRUE AND CORRECT:

Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence

OK

Senator Kaleo S. Moylan
Chairperson, Committee on Housing,
General Government Services and Foreign Affairs
Mina'Bente Singko Na Liheslaturan Guåhan
Twenty-Fifth Guam Legislature

December 21, 2000

MEMORANDUM

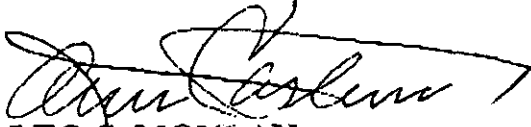
To: The Clerk of the Legislature
The Legislative Legal Council

From: Senator Kaleo S. Moylan

Subject: Non-sponsorship of Bill Nos. 446 and 452

Because I recused myself from voting on Bill Nos. 446 and 452, I am therefore requesting that my name be removed as a co-sponsor of said measures.

Thank you,


KALEO S. MOYLAN

FILE



MINA' BENTE SINGKO NA LIHESLATURAN GUAM
THE FIFTH GUAM LEGISLATURE

155 Hester Street

✓
I MINA' B. ITE SINGKO NA LIHESLATURA, GUÅHAN
Committee on Health, Human Services and Chamorro Heritage
Kumiten Salut, Setbision Tinaotao yan Irensian Chamoru
Sinadot Simon A. Sanchez II, Ge'Hilo'

September 11, 2000

Speaker Antonio R. Unpingco
I Mina' Bente Singko Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guåhan 96910

Dear Mr. Speaker:

I Kumiten Salut, Setbision Tinaotao yan Irensian Chamoru has completed its evaluation of Substitute Bill No. 446(COR) and hereby issues the enclosed Committee Report.

A public hearing was held on the measure on August 2, 2000.

Committee Members voted as follows:

To pass	<u>7</u>
Not to pass	___
Abstain	___
Inactive File	___

Consequently, the Committees submits its recommendation to "DO PASS" Substitute Bill No. 446(COR).

Your kind attention to this matter is immensely appreciated.

Saina Ma'åse' yan Magof Ha'ånen Yu'os,


SIMON A. SANCHEZ II

I MINA' B. ITE SINGKO NA LIHESLATURA; JU'AHAN
Committee on Health, Human Services and Chamorro Heritage
Kumiten Salut, Setbision Tinaotao yan Irensian Chamorro
Sinadot Simon A. Sanchez II, Ge'Hilo'

September 11, 2000

MEMORANDUM


TO: Committee Members

FROM: Chairperson

SUBJECT: Committee Report for Substitute Bill No. 446(COR) – “An act to add a new Article 9 to Chapter 9 of Title 10, Guam Code Annotated, to Establish Prompt Payment Requirements for Health Care and Health Insurance Claims.”

Attached hereto is the Committee Report for Substitute Bill No. 446(COR) for your review and consideration. Please call me if you need clarification or additional information. Then, please mark and sign the accompanying Voting Sheet.

Saina Ma'ase' yan Magof Ha'anen Yu'os,


SIMON A. SANCHEZ II


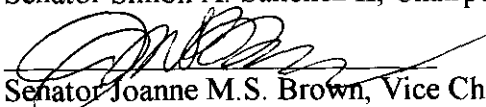
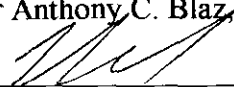

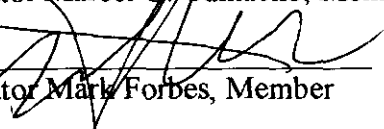
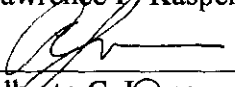
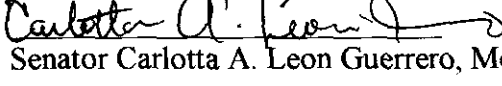
Orlean Pacific Plaza, Suite B-103
865 South Marine Drive
Tamuning, Guam 96911

Phone: (671) 649-LIFE (5433) • 647-3234/5/6
Fax: (671) 647-3267
Email: sensanchez@kuentos.guam.net

I Muna' Bente Singko Na Liheslaturan Guånan
Kumiten Salud, Setbision Tinaotao Yan Iremsian Chamoru
VOTING SHEET

Substitute Bill No. 446(COR) – An act to add a new Article 9 to Chapter 9 of Title 10, Guam Code Annotated, to Establish Prompt Payment Requirements for Health Care and Health Insurance Claims.

To place in

	To Pass	Not to Pass	Abstain	Inactive File
 Senator Simon A. Sanchez II, Chairperson	✓			
 Senator Joanne M.S. Brown, Vice Chairperson	✓			
_____ Senator Frank B. Aguon, Jr., Member				
_____ Senator Anthony C. Blaz, Member				
 Senator Eduardo B. Calvo, Member	✓			
 Senator Marcel G. Camacho, Member	✓			
 Senator Mark Forbes, Member	✓			
_____ Senator Lawrence F. Kasperbauer, Member				
 Senator Alberto C. Lamorena V, Member	✓			
 Senator Carlotta A. Leon Guerrero, Member	✓			
_____ Senator Kaleo S. Moylan, Member				
_____ Senator Vicente C. Pangelinan, Member				

*I Mina' Bente Singko na Liheslaturan Guåhan
Kumiten Salut, Setbision Tinaotao yan Irensian Chamorro*

**Committee Report
Substitute Bill No. 446(COR)**

“An Act to add a new Article 9 to Chapter 9 of Title 10,
Guam Code Annotated, to Establish Prompt Payment Requirements for
Health Care and Health Insurance Claims.”

**Simon A. Sanchez II, Chairperson
Joanne M.S. Brown, Vice Chairperson**

Members

Frank B. Aguon, Jr.

Anthony C. Blaz

Marcel G. Camacho

Lawrence F. Kasperbauer

Carlotta A. Leon Guerrero

Vicente C. Pangelinan

Eulogio C. Bermudes

Eduardo B. Calvo

Mark Forbes

Alberto C. Lamorena V

Kaleo S. Moylan

I. OVERVIEW

Bill No. 446(COR) was introduced on June 21, 2000 by Senator Simon A. Sanchez II. The bill was drafted following a series of meetings conducted by the committee chairman with representatives from the Health Plan Administrators and the Health Care Provider communities. Major issues of discussion were the amount of claims that were not paid "promptly"; the average number of days that claims were being paid; the methodology used to transmit, receive, and process claims; the maximum length of time by which to submit a claim; and, whether Health Care Providers could seek payment from patients. Bill No. 446(COR) represents the consensus reached at the meetings on most issues, with the major issue of forty-five (45) days constituting the "outer limit", being a compromise between the two parties' positions.

The bill's intent is to establish prompt payment requirements for health care and health insurance claims. It seeks to establish forty-five (45) days as the "outer limit" for the payment of uncontested claims. If a Health Plan Administrator contests a claim or a portion thereof, notice must be given to the Health Care Provider within thirty (30) days of the receipt of the claim. When so notified, Health Care Providers have an additional forty-five (45) day time period to submit additional documentation to support the contested claim or portion thereof.

When a Health Plan Administrator fails to meet the payment or notice provisions, the Health Care Provider may charge interest on the unpaid amounts at a rate of twelve percent (12%) per annum. When a Health Care Provider fails to meet the deadlines for submitting a response to a request for additional information on a contested claim, interest cannot be accrued to the claim or portion thereof eligible for payment.

All claims for payment must be submitted within one (1) year from the date of providing service. Any claim not meeting this time requirement shall be considered "stale", and not subject to payment by the Health Plan Administrator.

Bill No. 446(COR) was referred to the Committee on Health, Human Services and Chamorro Heritage on September 11, 2000.

II. COMMITTEE FINDINGS

The Committee on Health, Human Services and Chamorro Heritage conducted a public hearing on Bill No. 446(COR) on Wednesday, August 3, 2000 at 6:00 p.m. in the Public Hearing Room, Guam Legislature. Present were Chairman Simon A. Sanchez II and Senator ben pangelinan.

Testimony was submitted by various members of the Health Plan Administrator and the Health Care Provider communities. A copy of the listings of those testifying is attached, with written testimony as submitted. Subsequent to the Public Hearing, testimony has been received by the Committee from several individuals.

The Committee finds that of all claims submitted for payment, approximately 85%-90% are paid within the forty-five (45) day time frame contained in the bill. The remaining 10%-15% are contested for any number of reasons. Of these remaining claims, the most common reason for contesting the claim was a need for additional information to support the payment request.

The Committee finds that the majority of Health Care Administrators contract with Health Care Providers for periods that are *less than forty-five (45) days*. These contracts usually allow for a defined period of time by which Health Care Providers *must* submit their claims for payment, or risk *not* getting paid at all.

- 2) Add a new subsection (e) to Section 9903 that defines “stale billing” as any claim for payment that is submitted more than one year from the date service was provided.
- 3) Add a new subsection (c) to Section 9904 that disallows the charging of interest to the Health Plan Administrator and the Patient for the same Clean claim, or portion thereof, submitted for payment of either party.

MINA' BENTE SINGKO NA LIHESLATURAN GUÅHAN
2000 (SECOND) Regular Session

Bill No. 446(COR)

Introduced by:
As substituted by the Committee on Health,
Human Services and Chamorro Heritage

S.A. Sanchez II

**AN ACT ADD A NEW ARTICLE 9 TO CHAPTER 9
OF TITLE 10, GUAM CODE ANNOTATED TO
ESTABLISH PROMPT PAYMENT REQUIREMENTS
FOR HEALTH CARE AND HEALTH INSURANCE
CLAIMS.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title. This Article shall be known as the "*Prompt Payment Act of 2000*".

Section 2. Legislative Intent. Prompt payment legislation has been enacted in 35 states. The purpose of this Act is to help improve the way Health Plan Administrators and Health Care Providers transact business in a manner that affords the prompt payment of accurate billings.

Section 3. A new Article 9 is hereby added to Chapter 9 of Title 10 of the Guam Code Annotated as follows:

"Section 9901. Definitions. For the purpose of this Chapter the following words and phrases have the meanings assigned to them, respectively, except where the context otherwise requires:

a) 'Claim' means any claim, bill, or request for payment for all or any portion of healthcare services provided by a healthcare provider or services submitted by a patient or Health Care Provider that is eligible for reimbursement.

b) 'Clean claim' means a claim, or portion thereof, that may be processed

1 without a reasonable request for additional information from the provider of
2 service or from a third party but does not include any claim under
3 investigation for fraud or abuse or claims under review for medical
4 necessity. In no event may a claim be contested or denied for the lack of
5 information that has no factual impact upon the Health Plan Administrator's
6 ability to adjudicate the claim;

7 c) '**Contest, contesting, or contested**' means the circumstances under which an
8 payer entity was not provided with or did not have reasonable access to
9 sufficient pertinent information needed to determine payment liability or
10 basis for payment of the claims.

11 d) '**Deny, denying, or denied**' means the assertion by a Health Plan
12 Administrator that it has no or partial liability to pay a claim based upon
13 eligibility of the patient, coverage of a services, medical necessity of a
14 service, liability of another payer or other grounds.

15 e) '**Health Plan Administrator**' means insurance companies, health plan
16 providers, all companies defined as third party payers including but not
17 limited to, health maintenance organizations, medical service organizations,
18 governmental organizations, worker's compensation organization, or other
19 legal entities providing or applying to provide third party payment or health
20 insurance or payment for healthcare services that are organized and
21 operating under the laws of Guam.

22 f) '**Health Care Provider**' means any health care facility, hospital, clinic,
23 laboratory, nursing home, home health agency, pharmacy, physician, dentist,
24 nurse, acupuncturist, chiropractor, or any other practitioner or organized
25 entity certified or licensed to provide health care services on Guam.

26 **Section 9902. Prompt Payment for Health Care and Health Insurance**

1 **Benefits.** (a) This section applies to Health Plan Administrators, as defined by this
2 Act, organized and operating under the laws of Guam;

3 (b) Health Plan Administrators shall reimburse a Clean claim or any portion
4 thereof submitted by a patient or Health Care Provider, that is eligible for payment
5 and not contested or denied not more than forty-five (45) calendar days after receiving
6 the Clean claim filed in writing;

7 (c) If a claim is contested or denied or requires more time for review by the
8 Health Plan Administrator, the Health Plan Administrator shall notify the Health Care
9 Provider in writing not more than thirty (30) calendar days after receiving a claim
10 filed for payment. The notice shall identify the contested or denied portion of the
11 claim and the specific reason for contesting or denying the claim, and may request
12 additional information. Requests for information on a contested or denied claim, or
13 portion thereof, shall be reasonable and relevant to the determination of why the claim
14 is being contested or denied. In no event may a claim be contested or denied for the
15 lack of information that has no factual impact upon the Health Plan Administrator's
16 ability to adjudicate the claim;

17 (d) If information received pursuant to a request for additional information is
18 satisfactory to warrant paying the Clean claim, the Clean claim shall be paid not more
19 than forty-five (45) calendar days after receiving the additional information in writing;

20 (e) The payment of a Clean claim under this section shall be effective upon the
21 date of postmark of the mailing;

22 (f) Health Care Providers shall be responsible for obtaining proof in writing that
23 a specific claims was delivered to a Health Plan Administrator on a specific date for
24 determining the time periods for the purposes of prompt payment;

25 (g) Notwithstanding any provisions to the contrary, interest shall be allowed to
26 accrue at a rate of twelve percent (12%) per annum as damages for money owed by a

1 Health Plan Administrator for payment of a Clean claim, or portion thereof, that
2 exceeds the applicable reimbursement time limitations under this section, including
3 applicable costs for collecting past due payments as provided in Section 9905 of this
4 Act, as follows:

5 1. For an uncontested Clean claim:

6 A. Filed in writing, interest from the first calendar day after the
7 forty-five (45) day period in subsection 9902 (b); or

8 2. For a contested claim or portion thereof, filed in writing:

9 A. For which notice was provided under subsection 9902 (c),
10 interest from the first calendar day forty-five (45) days after
11 the date the additional information is received; or

12 B. For which notice was provided but not within the time
13 specified under subsection 9902 (c), interest from the first
14 calendar day after the claim is received.

15 h) Each Health Care Provider shall notify the Health Plan Administrator and
16 patient in writing of all claims for which they intend to charge interest. Any interest
17 that accrues as a result of the delayed payment of a Clean claim, or any portion
18 thereof, in accordance with the provisions of this Act shall be automatically added by
19 the Health Plan Administrator to the amount of the unpaid Clean claims due the
20 Health Care Provider. ~~[Failure to provide notice shall not be grounds to disallow~~
21 ~~payment of interest on the claim.]~~

22 i) Interest shall only apply to the principal portion of the claim.

23 j) The provisions of this Section shall not apply to the payment or
24 reimbursement of any claim, or portion thereof, involving a Coordination of Benefits
25 between multiple payers of a claim.

26 **Section 9903. Timely Filing of Accurate Claims.** (a) This section applies to

1 Health Care Providers, as defined by this Act, duly certified, licensed, or organized
2 and operating under the laws of Guam;

3 (b) All claims submitted for reimbursement must be submitted on a UB-92,
4 HCFA 1500, ADA claim, or other billing document generally accepted by Health Plan
5 Administrators. Claims may be submitted electronically if such a transmittal
6 arrangement has been agreed to by the Health Plan Administrator.

7 (c) Health Care Providers shall be responsible for the accuracy of all claims
8 filed. Duplicate claims, unbundled claims, or fee-for-service claims billed in a
9 capitated arrangement, may not be submitted and can not be considered for prompt
10 payment in accordance with the provisions of this Act.

11 (d) Should a Health Care Provider fail to submit a response to a reasonable
12 request for additional information on a contested or disputed claim, within forty-five
13 (45) days from the date of request for such additional information, no interest shall
14 accrue to the claim or portion thereof eligible for payment. For purposes of this sub-
15 section, should a Health Care Provider be a hospital, then such a hospital provider
16 shall be allowed to submit a response to a reasonable request for additional
17 information on a contested or disputed claim within ninety (90) days from the date of
18 request for such additional information.

19 (e) With the exception of those claims that involve the coordination of benefits,
20 all claims must be submitted by the Health Care Provider for payment within one (1)
21 year from the date that services were rendered. Any claim not meeting this deadline
22 shall not be the financial responsibility of either the Health Plan Administrator or the
23 patient.

24 **Section 9904. Billing of Patients Allowed.** (a) No patient receiving care from
25 a Health Care Provider, may be billed for the same Clean claim, or portion thereof,
26 submitted for payment to a Health Plan Administrator, unless the provider has elected

1 to terminate his or her efforts to collect interest penalties as provided for in §9902(g)
2 of this Act, or a period of [~~forty-five (45)] ninety (90) days has lapsed from the date of~~
3 submission of a Clean claim for payment. This provision shall not apply to any Clean
4 claim or portion of a Clean claim that is due and payable by the patient as a benefit
5 limitation, deductible, co-payment, non-covered benefit, patient share, or personal
6 comfort or convenience item.

7 (b) A Health Care Provider may not charge more than twelve percent (12%)
8 interest per annum to any patient as a penalty for their failure to make prompt
9 payment of a Clean claim or portion thereof, for which the patient is responsible for
10 paying.

11 (c) A Health Care Provider may not charge both the Health Plan Administrator
12 and the Patient interest penalties for the same Clean claim, or portion thereof,
13 submitted for payment to either party.

14 **Section 9905. Damages.** In any action or proceeding for violation of the
15 requirements of this Act, the Health Plan Administrator or the Health Care Provider
16 shall be entitled to recover all costs of litigation or arbitration including reasonable
17 attorneys' fees or arbitration costs, incurred in the successful prosecution of the action
18 or proceeding.

19 **Section 9906. Cumulative Remedies.** The provisions of this Act are not
20 exclusive. The remedies provided herein are in addition to any other remedy or
21 procedure provided by any other law or at common law.

22 **Section 9907. Effective Dates.** The provisions of this Act shall not apply to
23 any claim filed prior to the date of enactment. The Act shall take effect sixty (60)
24 days from the date of enactment into law, with the exception of the government of
25 Guam's Medically Indigent Program (MIP) whose effective date for implementation
26 of the provisions of this Act shall be March 1, 2001."

1 **Section 4. Existing Contracts to Prevail.** The provisions of Section 3 of this
2 Act shall not supercede any contract in force between a Health Plan Administrator and
3 a Health Care Provider as of the effective date of the Act.



MINA' BENTE SINGKO NA LIHESLATURAN GUAHAN
Kumitean Areklamento, Refotman Gubetnamento Siha, Inetnon di Nuebu, yan Asunton Fidirat

*Senadot Mark Forbes, Gehilu
Kabisyon Mayurát*

11 SEP 2009

MEMORANDUM

TO: Chairman
Committee on Health, Human Services & Chamorro Heritage

FROM: Chairman
Committee on Rules, Government Reform, Reorganization
and Federal Affairs

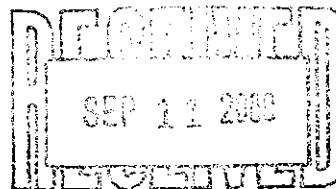
SUBJECT: Principal Referral – Bill No. 446

The above bill is referred to your Committee as the Principal Committee. In accordance with Section 6.04.05. of the Standing Rules, your Committee “shall be the Committee to perform the public hearing and have the authority to amend or substitute the bill, as well as report the bill out to the Body.” It is recommended that you schedule a public hearing at your earliest convenience.

Thank you for your attention to this matter.

MARK FORBES

Attachment



Mark of the Legislature

MINA' BENTE SINGKO NA LIHESLATURAN GUAM
2000 (SECOND) Regular Session

ACKNOWLEDGEMENT RECEIPT
Received by: [Signature]
Date: 11:00 A
6/21/00

Bill No. 446 (COR)

Introduced by:

S.A. Sanchez II [Signature]

AN ACT ADD A NEW ARTICLE 9 TO CHAPTER 9 OF TITLE 10, GUAM CODE ANNOTATED TO ESTABLISH PROMPT PAYMENT REQUIREMENTS FOR HEALTH CARE AND HEALTH INSURANCE CLAIMS.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title. This Article shall be known as the Prompt Payment Act of 2000.

Section 2. Legislative Intent. Prompt payment legislation has been enacted in 35 states. The purpose of this Act is to help improve the way Health Plan Administrators and Health Care Providers transact business in a manner that affords the prompt payment of accurate billings.

Section 3. A new Article 9 is hereby added to Chapter 9 of Title 10 of the Guam Code Annotated as follows:

“Section 9901. Definitions. For the purpose of this Chapter the following words and phrases have the meanings assigned to them, respectively, except where the context otherwise requires:

- a) **‘Claim’** means any claim, bill, or request for payment for all or any portion of healthcare services provided by a healthcare provider or services submitted by a patient or Health Care Provider that is eligible for reimbursement.

1 **Section 9902. Prompt Payment for Health Care and Health Insurance**

2 **Benefits.** (a) This section applies to Health Plan Administrators, as defined by this
3 Act, organized and operating under the laws of Guam;

4 (b) Health Plan Administrators shall reimburse a Clean claim or any portion
5 thereof submitted by a patient or Health Care Provider, that is eligible for payment
6 and not contested or denied not more than forty-five (45) calendar days after receiving
7 the Clean claim filed in writing;

8 (c) If a claim is contested or denied or requires more time for review by the
9 Health Plan Administrator, the Health Plan Administrator shall notify the Health Care
10 Provider in writing not more than thirty (30) calendar days after receiving a claim
11 filed for payment. The notice shall identify the contested or denied portion of the
12 claim and the specific reason for contesting or denying the claim, and may request
13 additional information. Requests for information on a contested or denied claim, or
14 portion thereof, shall be reasonable and relevant to the determination of why the claim
15 is being contested or denied. In no event may a claim be contested or denied for the
16 lack of information that has no factual impact upon the Health Plan Administrator's
17 ability to adjudicate the claim;

18 (d) If information received pursuant to a request for additional information is
19 satisfactory to warrant paying the Clean claim, the Clean claim shall be paid not more
20 than forty-five (45) calendar days after receiving the additional information in writing;

21 (e) The payment of a Clean claim under this section shall be effective upon the
22 date of postmark of the mailing;

23 (f) Health Care Providers shall be responsible for obtaining proof in writing that
24 a specific claims was delivered to a Health Plan Administrator on a specific date for
25 determining the time periods for the purposes of prompt payment;

26 (g) Notwithstanding any provisions to the contrary, interest shall be allowed to

1 **Section 9903. Timely Filing of Accurate Claims.** (a) This section applies to
2 Health Care Providers, as defined by this Act, duly certified, licensed, or organized
3 and operating under the laws of Guam;

4 (b) All claims submitted for reimbursement must be submitted on a UB-92,
5 HCFA 1500, ADA claim, or other billing document generally accepted by Health Plan
6 Administrators.

7 (c) Health Care Providers shall be responsible for the accuracy of all claims
8 filed. Duplicate claims, unbundled claims, or fee-for-service claims billed in a
9 capitated arrangement, may not be submitted and can not be considered for prompt
10 payment in accordance with the provisions of this Act.

11 (d) Should a Health Care Provider fail to submit a response to a reasonable
12 request for additional information on a contested or disputed claim, within forty-five
13 (45) days from the date of request for such additional information, no interest shall
14 accrue to the claim or portion thereof eligible for payment. For purposes of this sub-
15 section, should a Health Care Provider be a hospital, then such a hospital provider
16 shall be allowed to submit a response to a reasonable request for additional
17 information on a contested or disputed claim within ninety (90) days from the date of
18 request for such additional information.

19 **Section 9904. Billing of Patients Allowed.** (a) No patient receiving care from
20 a Health Care Provider, may be billed for the same Clean claim, or portion thereof,
21 submitted for payment to a Health Plan Administrator, unless a period of forty-five
22 (45) days has lapsed from the date of submission of a Clean claim for payment. This
23 provision shall not apply to any Clean claim or portion of a Clean claim that is due
24 and payable by the patient as a benefit limitation, deductible, co-payment, non-
25 covered benefit, patient share, or personal comfort or convenience item.

26 (b) A Health Care Provider may not charge more than twelve percent (12%)

I MINA' TENTE SINGKO NA LIHESLATURA' GUAHAN

Committee on Health, Human Services and Chamorro Heritage
Kumiten Salut, Setbision Tinaotao yan Irensian Chamorro

TESTIMONY RECORD for

PUBLIC HEARING, August 2, 2000, 6:00 PM, Legislative Public Hearing Room, Hagåtña, Guam

Bill No. 446 – An act to add a new article 9 to chapter 9 of Title 10, Guam Code Annotated to establish prompt payment requirements for health care and health insurance claims; by S.A. Sanchez II.

<u>STANLEY YASUHRO</u> NAME	<u>TUMON DENTAL OFFICE</u> ORGANIZATION	<u>WRITTEN</u> or <u>ORAL</u> Testimony? [please circle one or both]
<u>667 N. MARINE DR. #204</u> MAILING ADDRESS	<u>96911</u> CONTACT NUMBER(S)	<u>FOR</u> or AGAINST? [please circle one]

_____ NAME	_____ ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
_____ MAILING ADDRESS	_____ CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]

_____ NAME	_____ ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
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_____ MAILING ADDRESS	_____ CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]

I MINA' BENTE SINGKO NA LIHESLATURAN GUAHAN

Committee on Health, Human Services and Chamorro Heritage
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<u>EJ. CRUZ</u> NAME	<u>GMS</u> ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
<u></u> MAILING ADDRESS	<u>477-3347</u> CONTACT NUMBER(S)	<input checked="" type="radio"/> FOR or AGAINST? [please circle one]

<u></u> NAME	<u></u> ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
<u></u> MAILING ADDRESS	<u></u> CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]

<u></u> NAME	<u></u> ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
<u></u> MAILING ADDRESS	<u></u> CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]

<u></u> NAME	<u></u> ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
<u></u> MAILING ADDRESS	<u></u> CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]

<u></u> NAME	<u></u> ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
<u></u> MAILING ADDRESS	<u></u> CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]

I MINA' BENTE SINGKO NA LIHESLATURAN GUÁHAN

**Committee on Health, Human Services and Chamorro Heritage
Kumiten Salut, Setbision Tinaotao yan Irensian Chamorro**

TESTIMONY RECORD for

PUBLIC HEARING, August 2, 2000, 6:00 PM, Legislative Public Hearing Room, Hagåtña, Guam

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<u>Steve Medina</u>	<u>Healthcare Mgmt</u>	WRITTEN or ORAL Testimony? [please circle one or both]
NAME	ORGANIZATION	
<u>Santa Rita</u>	<u>Assoc.</u>	FOR or AGAINST?
MAILING ADDRESS	CONTACT NUMBER(S)	[please circle one]
	<u>565-5944</u>	

<u>[Signature]</u>	<u>Island Signal CT</u>	WRITTEN or ORAL Testimony? [please circle one or both]
NAME	ORGANIZATION	
<u>16 MCHINEY GUL</u>	<u>646-0443</u>	FOR or AGAINST?
MAILING ADDRESS	CONTACT NUMBER(S)	[please circle one]

NAME	ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
MAILING ADDRESS	CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]

NAME	ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
MAILING ADDRESS	CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]

NAME	ORGANIZATION	WRITTEN or ORAL Testimony? [please circle one or both]
MAILING ADDRESS	CONTACT NUMBER(S)	FOR or AGAINST? [please circle one]



705 South Marine Drive, Tamuning, Guam 96911
Phone: (671) 649-5388/91 Fax: (671) 649-5386 E-mail: multicov@ite.net

August 2, 2000

**The Honorable Simon A. Sanchez
Chairman, Committee on Health, Human Services
and Chamorro Heritage
Twenty Fifth Guam Legislature
Hagatna, Guam**

RE: Bill 446 - An Act to Establish Prompt Payment Requirements for Health Care and Health Insurance Claims

Dear Mr. Chairman:

Thank you for the opportunity to submit testimony on Bill 446. Although, we recognize the intent of the proposed legislative initiative, we take strong opposition to yet another government mandate that seeks to foist the costs of heavy-handed government regulations upon the backs of Guam consumers. .

The intent of Bill 446 is essentially to force insurance companies to pay health care Providers within 45 days. The proposed bill seeks to carve out a special provision for health care providers by granting upon them a privilege not available to any other class of business or any other class of citizen. This legislation basically mandates that no health care provider shall have a 'receivable.' The term 'aging receivable'" would not apply to health care providers. Shouldn't this same provision apply to every business and be entitled by law to be paid in 45 days by anyone whom it bills? The enactment of this initiative would be at the expense of the already heavily taxed consumer who will be forced to pay higher insurance premiums unnecessarily because of this special interest bill.

This bill is inherently deficient as it seeks to penalize insurance companies while ignoring all other businesses, the government and self-pays. The government who is notoriously late in payments would never pay a 12% late fee. The burden, therefore falls on those with the ability to pay. Why would you want to penalize insurance companies who generally have the ability to pay, compared to the government or even the self-pays.

While the bill seeks to penalize insurance companies who fail to pay a claim within a period of time based on a 'vague' definition of what constitutes a 'clean claim', the health care providers are not held to any standard to provide clean and accurate billings. It has been our own experience and it is well known, well documented fact that four out of every ten claims (or roughly 40%) received is not a 'clean claim' and/or contains numerous errors in coding or inappropriate billing practices.

So while insurance companies must incur added expenses in order to adjudicate erroneous billings, health care providers are not forced by law or by any standard to 'clean-up' their billings. **Rather they are rewarded by government!**

Why are we trying to impair the contractual rights of two parties freely engaged in the free market economy? There exist under contract law remedies for breach of contract already. Why are we trying to better one person's position over another? Shouldn't they be free to negotiate their own terms and conditions without government interference?

If we are mandating prompt payment, then this bill should also contain language which mandates that health care providers must charge only a certain rate or better yet why aren't their rates regulated. Isn't the goal to find solutions to lower the cost of health care? So why not regulate the rates charged by health care providers as well. Why not lower the fees charged by attorney's in medical malpractice cases or insurance suits? Why not penalize consumers for over utilizing their benefit plan to the detriment of other members such that the loss ratio is increased due to the utilization experience. Why not penalize the employer (the buyer of health care services) for failing to pay health care premiums on time? Why not mandate that every health care provider must accept medicare and medically indigent patients? These are all contributing factors to the cost of health care today.

We, in theory are not opposed to 'prompt payment of claims.' In fact, over the past three months, we have made a significant investment and enhancement to our claims processing system in order to pay providers more timely. Afterall, our performance measurement will be based not only on efficiency and the quality of service we provide, but just as important, on the measurement of how we as a managed care organization handle claims turnaround time promptly; the accuracy of claims payment and the savings generated by the claims process.

The Honorable Simon A. Sanchez, II
Page Three, August 2, 2000

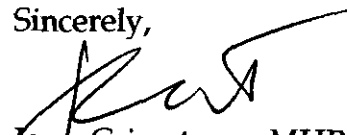
My objective as Plan Administrator is to continue to reduce the administrative costs of claims administration through greater automation using all available tools, including electronic transmission, automated data entry, and auto adjudication of claims. We however, are opposed to government interference in mandating that we must pay a provider within a specified period of time, when this same government interference is not applied to any other class of business. This is what Bill 446 is intended to do.

The relationship between the health care providers and the insurance companies must be market driven and not with government interference and mandates. Business relationship is said to be based on the concept of free enterprise. The substance of this concept is not that business (particularly insurance companies) should be free to do as it pleases without supervision or regulation; it is, rather, that the consumer is best served if enterprises are free to compete with one another and to define its' own relationships.

We agree that regulation of health insurance is essential to protect consumer interests and assure insurance company solvency. Therefore, it is vitally important that regulations and mandates be **thoughtful, balanced and well-conceived** if it is to truly serve the public.

It is our position, that Bill 446 is not a well-balanced initiative and does not serve the public interest for many sound social, legal, policy and fiscal reasons. Each year the cost of health care continues to climb. This proposed legislation will do nothing to minimize the rise in health care costs. It is preferential legislation aimed at only a few who already have methods to force collection if they are owed monies. We urge the committee and the full body to consider the needs of Guam consumers who need affordable coverage and access to basic health care, and not attempt to reap political capital at their expense.

Sincerely,



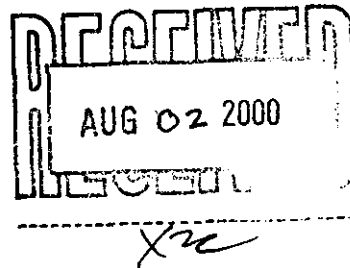
Jerry Crisostomo, MHP
General Manager



EQUITABLE ADJUSTING & SERVICE COMPANY

MEMBER OF  MOYLAN'S INSURANCE COMPANIES

101 AGANA SHOPPING CENTER • AGANA, GUAM 96910
PHONE: (671) 477-8574 / 8490 • FAX: (671) 477-1837



August 2, 2000

Senator Simon Sanchez, II
Guam Legislature
Government of Guam
Hagatna, Guam 96910

Re : Bill No. 446

Dear Senator Sanchez:

I feel that when this bill becomes a law, it is greatly discriminatory. Why? It is because of the economic crisis we are in right now and every individual striving hard to make both ends meet, only the Health Providers (doctors and their staff) will be protected by law to ensure that they collect monies owed them from their creditors. What about the other sectors? Why specific for the Insurance Companies and Health Providers?

As claims handler, we know our responsibilities towards our creditors. When we receive billings, we review the subject and if found in order, we settle the account in a timely manner. Under certain occasion if we are contesting the bill, we communicate with the creditor and request for additional supporting documents for our further review and again settle the account at an acceptable length of time. Going back to the Health Providers not paid on time which is the subject in this Bill 446, why did they not do any action before their receivables went out of control. I do not think there is a law preventing them to take action against creditors who do not settle their bill.

Outside the health providers, there are various entities (government and private) who supply services to meet our needs. This is no different than the health providers that we visit to determine our health conditions. If you are a subscriber of GTA and you do not pay your bill what action do they do next? Disconnect your phone. If you are a pager subscriber and you do not pay your billings on time, they cut the services. So what difference does it make with the health providers that render services to the health insurance clients? Why not notify the Health Insurance carrier that they could no longer



STANLEY Y. YASUHIRO, D.D.S.
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Tel: (671) 646-3679/2823
Fax: (671) 646-2824

August 1, 2000

Senator Simon A. Sanchez
Twenty Fifth Guam Legislature

RE: Bill 446 – Healthcare Prompt Payment Act

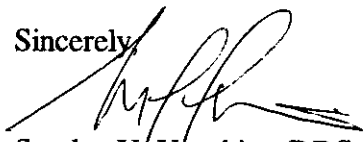
Dear Senator Sanchez and Committee Members:

My name is Stanley Y. Yasuhiro, DDS. I have been practicing private practice dentistry on Guam for seventeen years. Guam has been home for thirty-six years and a product of Guam's public school system. Being a Pro-Tech Award recipient from University of Guam, I was able to pursue and complete my dental education. My current professional memberships include Guam Dental Society, American Dental Association, Academy of General Dentistry, Federation Dentaire Internationale, Asia Pacific Dental Federation, Pacific Dental Partners, LLC and a board member of Ayuda Foundation.

I would like to testify and give support to Bill 446 as it is written. Senator Sanchez and the committee members ought to be applauded on the manner in which this legislation was formulated. After several working sessions with Guam's health care professionals and insurance companies, all those involved were able to produce legislation which would protect the providers and patients on prompt payment of healthcare services. A look at the recent demise of one of the larger HMO's is a classic example of the need for such law. This legislation is a product of teamwork by those involved in the claims process and should remain as is when enacted into law.

Please present and pass this Bill as is for the benefit of the patients and those individuals involved in the healthcare profession. Many leaders in our government have talked about healthcare reform but have produced nothing. Though healthcare reform is complex and prompt payment is only a small slice, Bill 446 will initiate the healthcare reform that was promised to the people of Guam. This Bill is a pro-people Bill and anybody needing healthcare on Guam will be the beneficiary. Thank you for your time and attention.

Sincerely,



Stanley Y. Yasuhiro, DDS



275 G Farenholt Avenue #152
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Tamuning, Guam 96911
Fax: (671) 649-5504

email: guammedicalsociety@usa.net
website: www.guammedicalsociety.com

Executive members:

Moon G. Yun, M.D.
President

Edwardo Cruz, M.D.
President elect

Bevan Gestani, M.D.
Past president

W. Chris Perez, M.D.
Secretary

Rosie Villegomez
Palisson, M.D.
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Vincent T. Akimoto, M.D.
Member at large

Michael J. Lanser, M.D.
Member at large

John R. Taitano, M.D.
Member at large

August 2, 2000

The Honorable Simon A. Sanchez II
Chairman
Committee on Health, Human Services and Chamorro Heritage
Guam Legislature
Hagatna, Guam 96910

Dear Senator Sanchez,

First of all, let me as the president of Guam medical society, congratulate your leadership and members of this committee's hard work to establish a fair and proper business side of healthcare practice. We, the doctors, who have been only trained to take care of the sick ones but never been taught the business aspect of it. We went to the medical school, not the business or law school. The turning-over of healthcare to the business people has been like a tornado for last 15 years. Now we have just begun to clean up the after-mass, remedy the damages and prevent the worst outcome, not taking care of sick and needed ones. Guam is about to join in 35 other States who has a prompt payment bill.

The following is the Guam Medical Society's position on this bill.

Section 1

GMS proposes "**fair business act of healthcare 2000**", instead of prompt payment act. 45 day is nothing but prompt. Many business transactions are done much less than 45 days.

Section 9901, a) "...is eligible for reimbursement"

The eligibility should be clearly defined. The Health plan administrator has obligation to inform the public and provider the scope of coverage and exemptions. It should be, like an informed consent, clearly understandable. GMS proposes this kind language inserted to safeguard the public.

Section 9902,

b) "45 days"

I am in support of 45 days. I am in minority on this issue among Guam Medical Society. Most of members would like to see **30 days** instead of 45 days.

f) the **burden of obtaining the proof in writing** should not be rested on provider only. It should be at the least mutually equal or more to the Health plan administrator, because they are to give this proof. I would accept to **delete** the entire clause.

h) 2, B; "for which notice was provided but not within the time specified under subsection 9902(c),..."

Guam Medical Society proposes to **delete** it entirely.

It is **in violation to 9902 (c)**, that specifies to send a notice within 30 days to contest and failure to do so, makes it a clean claim.

Section 9903. (d)

GMS proposes **90** days instead of 45 days and **delete the separate provision for the hospital**. This makes it simple and treats all the providers equally.

Stale Billing

Lastly, GMS strongly supports the **18 months or longer** for the stale claims as Medicare. Without this provision, the health plan administrator can easily muscle in unacceptably shorter deadline in the contract. This surely causes many provided services lost in stale claim without any payment.

In closing, Guam Medical Society is excited about Guam's joining the majority of States in making the business side of medical practice fair and just. GMS believes firmly that this is an essential stepping stone for the better healthcare on Guam.

Dankolu Na Si Yuus Maase

Respectfully yours,



Moon G. Yun, M.D.
President

8/2/2000

Senators:

StayWell Health Plan is opposed to the passage of this Prompt Payment legislation. We oppose this legislation not because StayWell cannot or does not pay its bills on time. We oppose it because it is an unnecessary law as there is no prompt payment problem on Guam. We oppose it because is not necessary for the Guam Legislature to write laws catering to special interest groups when they, like all other Guam residents, currently benefit from the existing commercial code laws. We oppose it because it interferes with the rights of a Health Plan and a health care provider to enter into mutually acceptable contracts.

I understand that much of the impetus for this bill was GMHP's failure to pay health care providers for services rendered to GMHP's subscribers. We certainly understand the negative financial impact upon the health care industry which was created by GMHP's demise. But, a prompt payment bill would not have changed what happened to GMHP and would not have benefited the health care providers who were not paid by GMHP.

The laws of the territory of Guam already protect physicians and other healthcare providers who are not paid for their services. Under the current law, those who were faced with non-payment from GMHP could have:

physicians on Guam failed to protect themselves.

The ultimate problem with GMHP turned out to be that it was insolvent. Again, a prompt payment bill would not have changed the fact that the health insurer ran out of money. A prompt payment bill would not have made it possible for GMHP to pay its bills. GMHP simply ran out of money. All the legislation in the world will not change the fact that GMHP simply went bankrupt. Had physicians sued GMHP earlier and/or had physicians refused to accept GMHP due to its non-payment, then the physicians and the Hospital could have cut their losses. But, a prompt payment bill would not change that result.

All the prompt payment bill will do is encourage unscrupulous physicians and their office managers to file harassment suits. Under the bill which was provided to us by Senator Sanchez, health plans must pay all medical bills within forty-five(45) calendar days. The bill, as currently drafted, will therefore encourage lawsuits to be filed on the forty-sixth day. The potential cost incurred by such litigation will ultimately be reflected in insurance premiums which will be charged to the public. The health plans will also be required to implement specific notification requirements to comply with this law, these requirements will only add to the administrative burden of the health plans and cause an increase in premiums. The only loser under this bill will be the citizens of Guam who will be charged additional premiums to cover the cost of this legislation.

As stated previously, we at StayWell Insurance believe that the laws of

the territory of Guam already provide remedies for persons who are not paid for their services. These laws already protect the physicians. In addition, the law already provides remedies for contractors, laborers, retailers, wholesalers, accountants, lawyers, stockbrokers, real estate agents, and any other business that provides goods and services.

If it is necessary to pass a special law for Guam's 110 or so doctors, perhaps it is also appropriate to change the law for all retailers, suppliers and members of the service industry so that they too can rely upon a law which requires payment within forty-five days or, in the alternative, face a suit in the Superior court of Guam.

Certainly, the legal community will endorse such legislation, as this short sighted law will encourage lawyers to file lawsuits against any health insurer who is one day late on a payment.

But no legitimate justification exists for differentiating health care providers from any other business. If a special legislation is to be passed for health care providers, then similar legislation should be passed for all citizens of the Territory of Guam. The lawyers will love it.

Finally, I have asked a number of times why this law is necessary. I have yet to have been given any factual information that demonstrates the need of this law. I have, however, been told on a number of times that "35 states have prompt payment laws so there must be a need for this type of law." To that my response is that 35 states use snow plows to maintain their roads, does that mean that Guam should go out and buy snow plows? Of course not, snow is not a problem here, and

neither is prompt payment. The healthcare providers of Guam are being paid promptly. At least to this date, no one has factually demonstrated that prompt payment is an issue, solvency yes, but not prompt payment.

This law is being written to appease less than .0009% of the population of Guam. This .0009% has yet to demonstrate that a prompt payment problem exists that only this new legislation can solve. As a tax payer, I feel that our tax dollars and our senators time could be better spent addressing problems that will improve the quality of life for all residents of Guam and not a vocal minority who do not to use the laws that already exist to resolve their problems.

Like it or not, healthcare providers are businessmen, some are large businesses like the clinics and some are small businessmen like the independent providers, however all have rights under the current laws of Guam just like any other large or small businessman and they should look after their own businesses and they should not go running after the legislature to look after it for them.

I hope that this testimony is helpful. If we can be of further assistance, please do not hesitate to call on me at any time.

Sincerely,

Donald B. Davis
Plan Administrator
StayWell Health Plan

Juliette Gillham

From: Rita Fe Bamba Oliva [rfboliva@ite.net]
Sent: Saturday, August 02, 1980 6:28 PM
To: sensanchez@kuentos.guam.net
Cc: rfboliva@ite.net
Subject: Re: Bill no. 446 (COR) update

Rita Fe Bamba Oliva wrote:

- >
- > Hafa Adai,
- >
- > I realize this is a major and first step at Reforming Healthcare on
- > Guam and that numerous other bills will follow at enhancing our
- > HealthCare delivery system. Please bear in mind that the initial process
- > of adjudicating a medical service is determining Funding source,
- > Coordination of benefits and of upmost importance "Timely filing". Guam
- > has no law defining Coordination of Benefits nor Timely filing. The
- > following examples will allow you to understand the importance prior to
- > "Prompt payment".
- >
- > 1. The aged and/or disabled members and survivors of our community that
- > qualify for Medicare benefits do not have the option to purchase a
- > Medicare Supplemental Insurance that covers only thier deductibles
- > and/or coinsurance out-of-pocket at the very least. The cases I've had
- > to assist on claim filing pay full Medical Coverage as you or I have to.
- >
- > 2. The dependents of the subscribers should it be an adult with dual
- > coverage due to both spouses working currently pick and choose which
- > medical plan as primary...The example maybe Juan Cruz has employer group
- > PacificCare Asia Pacific and his spouse ,Maria Cruz, has employer group
- > Staywell and thier child age 16 receives medical services and parent
- > want fathers' insurance billed first because at benefit yearend parents
- > expect a refund from Staywell. On the other hand, I have witnessed the
- > aged specifically request that Medicare be billed solely and request
- > that the second insurance Staywell not be billed due to the expected
- > refund at benefit yearend. I left the state of California in 1992 and the
- > concept of the "Birthday rule" for coordination of benefits was in
- > place...that Rule of coordination of benefits replaced the old "By
- > Gender" determination. Guam must address this issue.
- >
- > 3. On the matter of "Timely filing" currently the following exist; Guam
- > Memorial Hospital Authority implemented contracts with Physicians for
- > thier "House Patients" (no primary care physician in our community) that
- > by contract a claim must be filed 45 days from patients discharged date
- > or the medical claim will be denied for "Untimely billing" yet in the
- > same contract states that Medicare payrules will be GMHAs' guidelines.
- > Thier is a federal law for "Timely biling" . Under the law, Medicare
- > claims must be filed no later than the end of the calender year
- > following the year in which the services were provided. However, the
- > filing limit is extended another full year if the service was provided
- > during the last three months of the year. See the chart below
- > illustrating current filing limits.
- >

Date of Service	Last Filing Date
> 10/01/1998 - 12/31/1999	December 31, 2000
> 10/01/1999 - 12/31/2000	December 31, 2001

- >
- > All of the local carriers have a one year limitation on claim
- > filing...should thier member have Medicare the date of the explanation
- > of benefits should allow the claim to be current and start the timely
- > filing not from date of service but the date of the Medicare EOB. This
- > concept is standard at the national level.
- > This issue must be defined by law because our very own government
- > imposes thier own payrules. It would be nice should payment be released
- > from GMHA in 14 days from the date of receipt of claim yet sometimes it
- > takes a year for payment.

Juliette Gillham

From: Thomas Shieh, M.D. [shieh@ite.net]
Sent: Tuesday, August 01, 2000 4:06 PM
To: Juliette Gillham
Subject: prompt payment

please forward to all senators:

I specifically do NOT and will NOT support a bill that calls for a artificial "prompt" payment. Prompt should mean what it states, fast, expeditous, not 45 days.

We should amend the bill to 30 days, I guess when I was at the two meetings with senator, and company, my inputs and concerns were disregarded. Being the youngest and newest physician to enter Guam's Health Care, I believe that I have contributed a great deal to our islands health care. I hope that my voice of concern is not being over looked.

Please forward this note to Senator Sanchez, and to all Senators. I ask the bill to be amended with prompt payment within 30 days (written) and 15 days (electronic). If we don't then the prompt payment bill is does not fit the title of prompt. If we need to pay our employees every two weeks, the insurance companies can certainly be able to pay us within 4 weeks.

As senators, why NOT you, your self or your staff take note and get paid every 45 days? If you, all the senators and your staff is willing to be paid every 45 days, then perhaps I am wrong. But ask yourself that question? This is just a thought, I will continue to take wonderful care of our people of Guam. I think it is unreasonable to pay doctors in 45 days, even 30 days I think is late. Further, insurance companies can pay only "partially" and denied the rest and further delay the claim.

Please, reconsider and change prompt payment to within 30 days.

Dr. Shieh



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>
> 4. Electronic claiming was not mentioned in bill number 446...all the
> major local carriers processing claim via some type of operating and
> software system. I know that Staywell allows for electronic
> filing...This must be standardized by format and considered in the
> prompt payment bill....electronic filing is cost efficient and should
> allow for a 14 day turnaround in payment for clean claims...This issue
> is a must.

>
> I need to close for now and get ready for another day at work. Should
> you have any questions feel free to contact me.

> Si Yuus Maase,

> Fe Oliva

I almost forgot the last issue...the only recourse noted in bill 446 to
secure interest added to untimely paid claims' is to file suit .
Providers, members of our community should be able to file a grievance
with the Insurance Commissioner. This role must be defined by law.
Insurance Carriers must be monitored by someone...You and I know that a
lawsuit is costly and is usually the last recourse taken...You must
allow for a process leading up to worst case scenario.

I know I'm jumping around but I must also add that Waiver for "Prompt
payment" should be considered with "Good Cause"... Typhoon Paka left my
follow-up efforts on "Hold" due to the recovery mode of our lives and I
had to appeal a handful of medical claims on that premise alone in
which case my medical claims were reprocessed for payments...Causes
could be due to an Act of God, fraud or embellishment.....

Si Yuus Maase,

Fe Oliva

PUBLIC TESTIMONY
IN SUPPORT OF PROMPT PAYMENT ACT 2000

SUBMITTED BY

STEVEN R. MEDINA, MBA, CHE

PRESIDENT, HEALTHCARE MANAGEMENT ASSOCIATION OF GUAM

As a Member of the Joint Task Force that crafted a “composite” version of the Prompt Payment Act, it was clearly understood that:

- 1. This Act would NOT supercede existing Payment Agreements by and between Providers and Payers,**
- 2. This Act would largely serve to protect those Providers who continued to accept assignment from Indemnity Insurance Companies,**
- 3. Payment Delinquency Penalties would “mirror” requirements for Providers to promptly submit claims,**
- 4. “Balance Billing” of patients could not be initiated if the Provider was going to initiate a Payment Delinquency Penalty in the form of a late payment “re-bill”.**

This first-ever collaborative effort between the Health and Human Services Committee, Community Providers and Payers, although reactive in its nature, was an objective first step towards fair and equitable professional relationships between payers and providers. The parties that contributed to the development of this Act are to be commended for their efforts and objectivity.

open dialogue on future legislation that will have a positive impact on the health care of all of the people of Guam.

Thank you.

JUN 21 2000

MINA' BENTE SINGKO NA LIHESLATURAN GUÅH
2000 (SECOND) Regular Session

Bill No. 446 (COR)

Introduced by:

S.A. Sanchez II *SAS II*

**AN ACT ADD A NEW ARTICLE 9 TO CHAPTER 9
OF TITLE 10, GUAM CODE ANNOTATED TO
ESTABLISH PROMPT PAYMENT REQUIREMENTS
FOR HEALTH CARE AND HEALTH INSURANCE
CLAIMS.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title. This Article shall be known as the Prompt Payment Act of 2000.

Section 2. Legislative Intent. Prompt payment legislation has been enacted in 35 states. The purpose of this Act is to help improve the way Health Plan Administrators and Health Care Providers transact business in a manner that affords the prompt payment of accurate billings.

Section 3. A new Article 9 is hereby added to Chapter 9 of Title 10 of the Guam Code Annotated as follows:

“Section 9901. Definitions. For the purpose of this Chapter the following words and phrases have the meanings assigned to them, respectively, except where the context otherwise requires:

- a) **‘Claim’** means any claim, bill, or request for payment for all or any portion of healthcare services provided by a healthcare provider or services submitted by a patient or Health Care Provider that is eligible for reimbursement.

- 1 b) ***'Clean claim'*** means a claim, or portion thereof, that may be processed
2 without a reasonable request for additional information from the provider of
3 service or from a third party but does not include any claim under
4 investigation for fraud or abuse or claims under review for medical
5 necessity. In no event may a claim be contested or denied for the lack of
6 information that has no factual impact upon the Health Plan Administrator's
7 ability to adjudicate the claim;
- 8 c) ***'Contest, contesting, or contested'*** means the circumstances under which an
9 payer entity was not provided with or did not have reasonable access to
10 sufficient pertinent information needed to determine payment liability or
11 basis for payment of the claims.
- 12 d) ***'Deny, denying, or denied'*** means the assertion by a Health Plan
13 Administrator that it has no or partial liability to pay a claim based upon
14 eligibility of the patient, coverage of a services, medical necessity of a
15 service, liability of another payer or other grounds.
- 16 e) ***'Health Plan Administrator'*** means insurance companies, health plan
17 providers, all companies defined as third party payers including but not
18 limited to, health maintenance organizations, medical service organizations,
19 governmental organizations, worker's compensation organization, or other
20 legal entities providing or applying to provide third party payment or health
21 insurance or payment for healthcare services that are organized and
22 operating under the laws of Guam.
- 23 f) ***'Health Care Provider'*** means any health care facility, hospital, clinic,
24 laboratory, nursing home, home health agency, pharmacy, physician, dentist,
25 nurse, acupuncturist, chiropractor, or any other practitioner or organized
26 entity certified or licensed to provide health care services on Guam.

1 accrue at a rate of twelve percent (12%) per annum as damages for money owed by a
2 Health Plan Administrator for payment of a Clean claim, or portion thereof, that
3 exceeds the applicable reimbursement time limitations under this section, including
4 applicable costs for collecting past due payments as provided in Section 9905 of this
5 Act, as follows:

6 1. For an uncontested Clean claim:

7 A. Filed in writing, interest from the first calendar day after the
8 forty-five (45) day period in subsection 9902 (b); or

9 2. For a contested claim or portion thereof, filed in writing:

10 A. For which notice was provided under subsection 9902 (c),
11 interest from the first calendar day forty-five (45) days after
12 the date the additional information is received; or

13 B. For which notice was provided but not within the time
14 specified under subsection 9902 (c), interest from the first
15 calendar day after the claim is received.

16 h) Each Health Care Provider shall notify the Health Plan Administrator and
17 patient in writing of all claims for which they intend to charge interest. Any interest
18 that accrues as a result of the delayed payment of a Clean claim, or any portion
19 thereof, in accordance with the provisions of this Act shall be automatically added by
20 the Health Plan Administrator to the amount of the unpaid Clean claims due the
21 Health Care Provider. Failure to provide notice shall not be grounds to disallow
22 payment of interest on the claim.

23 i) Interest shall only apply to the principal portion of the claim.

24 j) The provisions of this Section shall not apply to the payment or
25 reimbursement of any claim, or portion thereof, involving a Coordination of Benefits
26 between multiple payers of a claim.