



# Ohio Legislative Service Commission

## Bill Analysis

Nick Thomas

### **S.B. 100**

130th General Assembly  
(As Introduced)

**Sens.** Tavares, Cafaro, Brown

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## **BILL SUMMARY**

- Makes Medicaid managed care organizations subject to the Ohio Prompt Payment Law.

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## **CONTENT AND OPERATION**

### **Context**

The bill makes Medicaid managed care organizations subject to the Ohio Prompt Payment Law. The Prompt Payment Law requires third-party payers to process health insurance claims quickly. Under the law, third-party payers must either pay or deny a claim within a specified time period, generally 30 days.<sup>1</sup> The Prompt Payment Law also specifies that third-party payers cannot recoup overpaid amounts after two years and that third-party payers must pay interest on claims that are not paid within the specified deadlines.<sup>2</sup> Third-party payers that consistently violate the prompt payment deadlines are subject to administrative penalties, including fines.<sup>3</sup> Under current law, a third-party payer includes all of the following:

- An insurance company;
- A health insuring corporation;
- A labor organization;

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<sup>1</sup> R.C. 3901.381, not in the bill.

<sup>2</sup> R.C. 3901.388 and 3901.389, not in the bill.

<sup>3</sup> R.C. 3901.3812, not in the bill.

- An employer;
- An intermediary organization;
- A third-party administrator;
- A health delivery network;
- Any other person that is obligated pursuant to a benefits contract to reimburse for covered health care services rendered to beneficiaries under that contract.<sup>4</sup>

### **Current Medicaid managed care organization payment requirements**

Currently, Medicaid managed care organizations are subject to prompt payment requirements prescribed in federal law. Under Federal law, a managed care organization must pay 90% of clean claims from practitioners within 30 days of receipt. The organization must pay 99% of those claims within 90 days of receipt. With certain exceptions, all other claims must be paid within 12 months of receipt. The organization and its providers may, by mutual agreement, establish an alternative schedule.<sup>5</sup> However, under Ohio law, this alternative schedule cannot apply timelines greater than those described above.<sup>6</sup>

### **The bill**

The bill makes Medicaid managed care organizations subject to the Ohio Prompt Payment Law by including them under the definition of a third-party payer and removing language specifically exempting them from the Prompt Payment Law. This exemption language contains a proviso specifying that if a waiver of federal requirements is sought and obtained by the Department of Job and Family Services (JFS),<sup>7</sup> or if it is determined that a waiver is not necessary, then the Prompt Payment Law applies to claims submitted by health insuring corporations providing coverage for Medicaid recipients. This proviso is also removed by the bill.<sup>8</sup>

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<sup>4</sup> R.C. 3901.38.

<sup>5</sup> 42 C.F.R. 447.45(d) and 447.46(c).

<sup>6</sup> R.C. 3901.383(B).

<sup>7</sup> See **COMMENT**.

<sup>8</sup> R.C. 3901.38(G) and 3901.3814(D).

The bill specifies that the application of the Prompt Payment Law to Medicaid managed care organizations does not affect the authority of JFS to act as the single state agency responsible for supervising the administration of the Medicaid program and entering into contracts with Medicaid managed care organizations.<sup>9</sup>

The bill defines a "Medicaid managed care organization" as a managed care organization that has a contract with JFS to provide health care services to certain Medicaid recipients.<sup>10</sup>

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## COMMENT

The bill makes reference several times to JFS being the coordinating entity for Medicaid in Ohio and makes related cross-references. H.B. 59 of the 130th General Assembly, which was enacted after S.B. 100 was introduced, created the Department of Medicaid, an entity distinct from JFS, and renumbered the related sections. The appropriate cross reference for R.C. 5111.17 is now R.C. 5167.10.

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## HISTORY

| ACTION     | DATE     |
|------------|----------|
| Introduced | 04-09-13 |

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<sup>9</sup> R.C. 3901.3814(B).

<sup>10</sup> R.C. 3901.38(D).

