



*Colorado Legislative Council Staff*  
**NO FISCAL IMPACT**

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**Drafting Number:** LLS 06-0197**Date:** January 10, 2006**Prime Sponsor(s):** Sen. Veiga  
Rep. Coleman**Bill Status:** Senate Business, Labor & Technology  
**Fiscal Analyst:** Gary J. Estenson (303 866-4976)

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**TITLE:** CONCERNING THE APPLICATION OF THE HEALTH INSURANCE PROMPT PAY PROVISIONS TO CLAIMS MADE AS A RESULT OF A MOTOR VEHICLE ACCIDENT.

### **Summary of Assessment**

This legislation applies prompt pay requirements to health insurance companies that pay medical bills for injuries sustained as result of an automobile accident. A health insurer may seek reimbursement for payments made if it is later determined that another party is liable for payment.

Under current law, all health insurance benefits must be paid promptly unless a claim is made as a result of an automobile or a work-related injury governed by workers' compensation law. Prompt payment for all other health insurance benefits is required for all "clean claims." An insurance carrier is required to pay clean claims within 30 days if the claim is submitted electronically and 45 days if it is submitted in any other manner. Section C.R.S. 10-16-106.5(4)(b) describes circumstances where a claim is not considered clean. In these situations, insurance carriers are given additional time to pay, deny, or a settle a claim.

This legislation removes the prompt payment requirement exception for automobile injuries paid under a health insurance policy by requiring that clean claims and claims requiring additional information be paid within a prescribed statutory time frame.

Currently, most health insurance companies apply prompt pay provisions to benefits paid for automobile injuries. Therefore, no additional complaints to the Department of Regulatory Agencies, Division of Insurance are anticipated. Additionally, this legislation will not require any rule changes. Accordingly, this bill does not affect state or local revenues or expenditures and is assessed as having no fiscal impact. This legislation is effective January 1, 2007, unless a referendum petition is filed.

### **Departments Contacted**

Regulatory Agencies