DISCOUNT PLANS FOR PROMPT PAYMENT OF MEDICAL CLAIMS

The Arkansas Insurance Department has learned that several insurers have been requesting discounts from health care providers for prompt payment of medical claims. These discount or prompt payment plans seek to reduce the amount payable under assigned claims in return for timely payment by the insurers.

These discount arrangements are of special interest to the Department since they appear to violate mandated policy provisions which require insurers to make payments immediately upon receipt of written proof of loss forms. Please refer to Ark. Stat. Ann. §66-3611 and §66-3705. Also, possible violations of the Trade Practices Act could exist under the arrangements where the processing and payment of claims are handled differently. (i.e. claims under discount plans are given priority status).

The Department will investigate each of these type plans for full compliance. When warranted, special market conduct examinations will be made. If you have any questions regarding this bulletin, please contact Robert Alexander, Associate Counsel, at 501-371-1811.

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INSURANCE COMMISSIONER