



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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February 18, 2003

BULLETIN NO. 4-2000

TO: ALL LICENSED DISABILITY INSURERS, ALL LICENSED HEALTH MAINTENANCE ORGANIZATIONS, ALL LICENSED HOSPITAL MEDICAL SERVICE CORPORATIONS, ALL REGISTERED THIRD PARTY ADMINISTRATORS, ALL LICENSED PROPERTY AND CASUALTY INSURERS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: JURISDICTION OF THE ARKANSAS INSURANCE DEPARTMENT OVER MEDICAL CARE PROVIDER COMPLAINTS

On January 1, 2001, the new version of Rule and Regulation 43 will take effect. This new version has **NEW SECTIONS** which deal **ONLY WITH HEALTH CARE CLAIMS**. Please review the new provisions, and pay special attention to the following highlights:

Applicability and Scope (Sec. 3): This new provision of the regulation, and the jurisdiction of the Arkansas Insurance Department, is **ONLY** applicable to approximately 25% of the health insurance market, specifically, **fully-insured group and individual insurance products**. Most other plans are either Employees' Retirement Income Security Act ("ERISA") plans, or self-insured plans, and are regulated by the Federal Government, **NOT** the Arkansas Insurance Department. **NOTE:** For information or complaints on these federally regulated plans, contact the regional office of the Department of Labor, Pension, Welfare and Benefits Administration at **1-800-998-7542**.

Effective Date (Sec. 4): Prior to the effective date 1/1/01, the provisions of the "old" Rule 43, dated 1/1/89, will remain in full force and effective. The modified Rule 43, signed on 2/7/00, is void. Please take steps to insure that you are operating under the terms of the appropriate regulation.

Processing of "Clean Claims" (Sec. 12): The new sections of the Regulation require that a "clean claim" (as defined in the Regulation) must be paid, or denied, within certain specific time limitations. It also requires a carrier to notify the claimant within a certain time from receipt (30 days) if more information is needed to process the claim. Additionally, if the claim is not paid or denied in accordance with the terms of the Rule, an automatic penalty of 12% is assessed and added to the amount of the claim (calculated on an annual basis, but assessed on a daily basis).

Request for Investigation (Sec. 15): The new provisions of the rule provide for investigation and enforcement of individual complaints from "claimants," a term which is defined to include medical service providers (physicians, therapists, hospitals, etc.) in many cases. Please read this provision carefully to determine if you fall within the definition under the particular facts of each claim. Please **see** attached Health Care Provider Information Form. This is a change from previous Department policy under which the Department did not pursue complaints from individual providers.

You should **CAREFULLY** review **ALL** of the **new provisions** of Rule and Regulation 43, **primarily sections 11-17**, in order to see how it affects the way you do business, and to be sure that you are in compliance on the **effective date, January 1, 2001**. If you have further questions or comments, please contact the Legal Division of the Arkansas Insurance Department at 1-501-271-2820.

Mike Pickens
Insurance Commissioner

