



New Virginia Statute Puts Hospitals and Other Health Care Providers at Risk for Untimely Claims Submission

Effective on July 1, 2013, a new Virginia statute (Virginia Code § 8.01-27.5) will take effect which outlines the obligation of in-network health care providers to timely submit health insurance claims on behalf of patients, and establishes tough consequences for failure to comply. The statute's key deadline is the "deadline for the in-network provider to submit its claim to the health insurer as required by the terms of the provider agreement" (which we refer to below as the "Claims Submission Deadline").

Under the statute, if, at least twenty-one days before the Claims Submission Deadline, the patient gives the in-network health care provider the required information to verify the individual's health insurance coverage with the health insurer, then the in-network provider must submit the patient's claim to the insurer by the Claims Submission Deadline.

If the in-network provider fails to do so, then with respect to the health care services for which a claim was not timely submitted:

(i) the patient shall have no obligation to pay the provider;

(ii) the in-network provider loses the benefit of the liens provided by §§ 8.01-66.2 (limited lien for health care providers against personal injury claims) and 8.01-66.9 (state lien on personal injury claims); and

(iii) the in-network provider shall be prohibited from recovering payment from an insurer providing medical expense benefits ("med pay") to the covered patient under an auto policy (whether by exercising an assignment of the covered patient's rights to the medical expense benefits or by other means).

Significantly, this new statute is not found within the section of the Virginia Code dealing with health insurance (Title 38.2), but under Title 8.01 (Civil Remedies and Procedures) among other statutes addressing "actions on contracts" – as the most obvious application is in collections actions.

For questions about this new statute or other managed care or health insurance related issues or disputes, please contact John Mumford (jmumford@hdjn.com) or Emily Scott (escott@hdjn.com) at 804.967.9604. Additional information about Hancock, Daniel, Johnson & Nagle, P.C. is available on the firm's website at www.hdjn.com.

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