

February 2011

Lewis Johs Avallone Aviles, LLP

LJ ALERT

NO FAULT REFORM

Bills to amend New York No-Fault Law have been introduced in both the New York State Senate and Assembly. The Assembly bill is similar to that introduced in 2010 and is entitled "The Automobile Insurance Fraud Prevention Act of 2011." Most significantly, the bill seeks to expand the definition of a "serious injury" to include a complete tear or rupture of a nerve, tendon, ligament, cartilage or muscle; a tear, rupture or impingement of a nerve, tendon, ligament, cartilage or muscle which results in a significant impairment of a body organ, member, function or system.

The version introduced in the Senate is much more favorable to the insurance industry as it allows an insurer to issue a denial beyond the existing 30-day period if the claim is excessive or fraudulent. Furthermore, in a situation where the medical provider, as assignee is the party that submitted the bill, they bear the burden of proof that the services billed were medically necessary and in accord with the applicable fee schedule. The bill would also require mandatory arbitration and would preclude the assignee from contesting coverage defenses, such as coverage eligibility and the patient/assignor's duties to comply with policy conditions, such as attending independent medical examinations or examinations under oath.

The bill would also revise current provisions regarding the decertification of medical providers who engage in fraud, makes use of treatment guidelines similar to those adopted in the Worker's Compensation context and finally, would allow insurers to rescind or cancel a policy within the first sixty days back to the inception of the policy where there is nonpayment of the initial premium or where it is discovered that the payment proceeds or the identity of the policyholder were stolen.

The text of the bills follow. Further alerts will follow with updates as to significant developments. For further information, contact Elizabeth Fitzpatrick at efitzpatrick@lewisjohs.com.

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STATE OF NEW YORK

3787

2011-2012 Regular Sessions

IN ASSEMBLY

January 27, 2011

Introduced by M. of A. MORELLE, TITONE, HEASTIE, JEFFRIES, BARCLAY --
read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to enacting the
"automobile insurance fraud prevention act of 2011"

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act shall be known and may be cited as the "automobile
2 insurance fraud prevention act of 2011".

3 § 2. Section 5106 of the insurance law, subsection (b) as amended and
4 subsection (d) as added by chapter 452 of the laws of 2005, is amended
5 to read as follows:

6 § 5106. Fair claims settlement. (a) (1) Payments of first party bene-
7 fits and additional first party benefits shall be made as the loss is
8 incurred. Such benefits are overdue if not paid within thirty days
9 after the claimant supplies proof of the fact and amount of loss
10 sustained. If proof is not supplied as to the entire claim, the amount
11 which is supported by proof is overdue if not paid within thirty days
12 after such proof is supplied. All overdue payments shall bear interest
13 at the rate of two percent per month. If a valid claim or portion was
14 overdue, the claimant shall also be entitled to recover his attorney's
15 reasonable fee, for services necessarily performed in connection with
16 securing payment of the overdue claim, subject to limitations promulgat-
17 ed by the superintendent in regulations.

18 (2) The failure to issue a denial of a claim within thirty days shall
19 not preclude the insurer or self-insurer from presenting evidence to
20 establish that (A) the services or items billed for in a claim were not
21 provided; (B) certain portions of the charges for services in a claim
22 exceed, by more than ten percent, the charges permissible under sched-
23 ules prepared and established pursuant to subsections (a) and (b) of
24 section five thousand one hundred eight of this article, or (C) the
25 event from which the claim arose was based upon an intent to defraud an

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

LBD05167-01-1

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1 insurer or self-insurer. Nothing contained in this paragraph shall
2 preclude an insurer from contesting the existence of applicable insur-
3 ance coverage for the loss claimed.

4 (3) An insurer may deny a claim on the basis of lack of medical neces-
5 sity not later than sixty days after the date upon which the claim
6 became overdue. Any denial of a claim which is based upon a lack of
7 medical necessity shall be based upon review by a licensed provider who
8 typically diagnoses and provides treatment for the condition under
9 review, or typically provides the health care service or treatment under
10 review. Copies of all reports prepared by a health care provider who
11 examines a claimant at the request of an insurer or reviews a claim for
12 medical benefits at the request of an insurer shall be provided to the
13 claimant, the claimant's attorney and the claimant's treating health
14 care provider within thirty business days of such examination or review.

15 ~~(b) [Every insurer shall provide a]~~ (1) a claimant [with] shall have
16 the option of submitting any dispute involving the insurer's liability
17 to pay first party benefits, or additional first party benefits, the
18 amount thereof or any other matter which may arise pursuant to
19 subsection (a) of this section to arbitration pursuant to simplified
20 procedures to be promulgated or approved by the superintendent. Such
21 simplified procedures shall include an expedited eligibility hearing
22 option, when required, to designate the insurer for first party benefits
23 pursuant to subsection ~~(d)~~ (f) of this section. The expedited eligi-
24 bility hearing option shall be a forum for eligibility disputes only,
25 and shall not include the submission of any particular bill, payment or
26 claim for any specific benefit for adjudication, nor shall it consider
27 any other defense to payment.

28 ~~(e)~~ (2) The commencement of a court proceeding or the submission of
29 a dispute to arbitration shall not preclude a claimant from electing to
30 submit other disputes arising from the same instance of use or operation
31 of a motor vehicle to the alternate forum. However, with the exception
32 of a proceeding brought pursuant to article seventy-five of the civil
33 practice law and rules, a claimant may not submit a dispute regarding
34 the same denial to multiple forums.

35 (3) Arbitrators are required to follow and apply substantive law. An
36 award by an arbitrator shall be binding except where vacated or modified
37 by a master arbitrator in accordance with simplified procedures to be
38 promulgated or approved by the superintendent, which shall offer the
39 parties the opportunity to submit written briefs. The grounds for vacat-
40 ing or modifying an arbitrator's award by a master arbitrator shall not
41 be limited to those grounds for review set forth in article seventy-five
42 of the civil practice law and rules and shall include factual, legal and
43 procedural errors. The award of a master arbitrator shall be binding
44 except for the grounds for review set forth in article seventy-five of
45 the civil practice law and rules, and provided further that where the
46 amount of such master arbitrator's award is five thousand dollars or
47 greater, exclusive of interest and attorney's fees, the insurer or the
48 claimant may institute a court action to adjudicate the dispute de novo.

49 ~~(d)~~ (c) With respect to an action for serious personal injury pursu-
50 ant to section five thousand one hundred four of this article, the award
51 of an arbitrator or master arbitrator rendered in a proceeding brought
52 pursuant to this article, other than an award pertaining to the issue of

53 the existence of insurance coverage, shall not constitute collateral
54 estoppel of the issues arbitrated.

55 (d) With respect to an arbitration or an action commenced in a court
56 of competent jurisdiction initiated to obtain payment of an overdue

A. 3787

3

1 claim for the payment of medical benefits prima facie entitlement to
2 benefits shall be established by filing a verification by the claimant
3 with the arbitration demand or complaint, setting forth that:

4 (1) the claimant was licensed to render the services or the items
5 provided at the time they were provided;

6 (2) the services were rendered or items supplied by the claimant;

7 (3) the services or items were medically necessary, or, for services
8 or supplies provided pursuant to prescription, that such were properly
9 supported by a prescription;

10 (4) the claimant received an assignment of benefits from the injured
11 party or the guardian or parent of the injured party; and

12 (5) the claimant authorized the particular attorney or law firm to
13 commence the suit.

14 (e) With respect to an action commenced in a court of competent juris-
15 isdiction to obtain benefits pursuant to this article:

16 (1) A rebuttable presumption of admissibility attaches to claims
17 forms, denial of claims forms, verification requests and responses ther-
18 eto, when such are accompanied by an affidavit establishing that such
19 forms are business records pursuant to rule forty-five hundred eighteen
20 of the civil practice law and rules.

21 (2) A rebuttable evidentiary presumption shall attach to such docu-
22 ments referenced in paragraph one of this subsection that such are
23 valid.

24 (3) A rebuttable evidentiary presumption shall attach to such docu-
25 ments referenced in paragraph one of this subsection that such were
26 mailed to the address contained thereon, on the date contained thereon.

27 (4) A rebuttable evidentiary presumption shall attach to proofs of
28 payment that such payments were made by the insurer and received by the
29 plaintiff.

30 (5) In matters where the insurer's denial is based upon an alleged
31 lack of medical necessity, a rebuttable presumption of admissibility
32 attaches to medical reports of the claimant's treating providers.

33 (6) Nothing contained in this subsection shall preclude a party from
34 offering evidence at trial to rebut any presumption in this subsection,
35 nor to preclude an insurer from offering evidence at trial on any meri-
36 torious, non-precluded defense to payment of the benefits.

37 (7) The deposition of any person may be used by any party without the
38 necessity of showing unavailability or special circumstances, subject to
39 the right of any party to move pursuant to section thirty-one hundred
40 three of the civil practice law and rules to prevent abuse, provided
41 that the party against whom the evidence is offered had been afforded an
42 opportunity to participate and question the witness at the deposition.

43 (f) Where there is reasonable belief more than one insurer would be
44 the source of first party benefits, the insurers may agree among them-
45 selves, if there is a valid basis therefor, that one of them will accept
46 and pay the claim initially. If there is no such agreement, then the
47 first insurer to whom notice of claim is given shall be responsible for

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48 payment. Any such dispute shall be resolved in accordance with the arbi-
49 tration procedures established pursuant to section five thousand one
50 hundred five of this article and regulation as promulgated by the super-
51 intendent, and any insurer paying first-party benefits shall be reim-
52 bursed by other insurers for their proportionate share of the costs of
53 the claim and the allocated expenses of processing the claim, in accord-
54 ance with the provisions entitled "other coverage" contained in regu-
55 lation and the provisions entitled "other sources of first-party bene-
56 fits" contained in regulation. If there is no such insurer and the motor
A. 3787 4

1 vehicle accident occurs in this state, then an applicant who is a quali-
2 fied person as defined in article fifty-two of this chapter shall insti-
3 tute the claim against motor vehicle accident indemnification corpo-
4 ration.

5 § 3. Section 5109 of the insurance law, as added by chapter 423 of the
6 laws of 2005, is amended to read as follows:

7 § 5109. Unauthorized providers of health services. (a) The superinten-
8 dent[~~, in consultation with the commissioner of health and the commis-~~
9 ~~sioner of education,~~] shall by regulation, promulgate standards and
10 procedures for investigating and suspending or removing the authori-
11 zation for providers of health services to demand or request payment for
12 health services as specified in paragraph one of subsection (a) of
13 section five thousand one hundred two of this article upon findings
14 reached after investigation pursuant to this section. Such regulations
15 shall ensure the same or greater due process provisions, [~~including~~ and
16 ~~include~~ notice and opportunity to be heard, as those afforded physicians
17 investigated under article two of the workers' compensation law and
18 shall include provision for notice to all providers of health services
19 of the provisions of this section and regulations promulgated thereunder
20 at least ninety days in advance of the effective date of such regu-
21 lations. As used in this section, "health services" means services,
22 supplies, therapies or other treatment as specified in subparagraph (i),
23 (ii) or (iv) of paragraph one of subsection (a) of section five thousand
24 one hundred two of this article.

25 (b) [~~The commissioner of health and the commissioner of education~~
26 ~~shall provide a list of the names of all providers of health services~~
27 ~~who the commissioner of health and the commissioner of education shall~~
28 ~~deem, after reasonable investigation, not authorized to demand or~~
29 ~~request any payment for medical services in connection with any claim~~
30 ~~under this article because such] Following the hearing conducted pursu-
31 ant to the procedures and regulation promulgated pursuant to this
32 section, the superintendent may prohibit a provider of health services
33 from demanding or requesting payment for health services subsequently
34 rendered under this article, for a period not exceeding three years, if
35 the superintendent determines, after notice and hearing, that the
36 provider of health services:~~

37 (1) has admitted to, or been found guilty of, professional [~~or other~~]
38 misconduct [~~or incompetency~~], as defined in the education law, in
39 connection with [~~medical~~] health services rendered under this article;
40 or

41 (2) has exceeded the limits of his or her professional competence in
42 rendering medical care under this article or has knowingly made a false

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43 statement or representation as to a material fact in any medical report
44 made in connection with any claim under this article; or

45 (3) solicited, or has employed another to solicit for himself or
46 herself or for another, professional treatment, examination or care of
47 an injured person in connection with any claim under this article; or

48 (4) has refused to appear before, or to answer upon request of, the
49 ~~[commissioner of health, the]~~ superintendent~~[,]~~ or any duly authorized
50 officer of the state, any legal question, or refused to produce any
51 relevant information concerning ~~[his or her]~~ the conduct of the provider
52 of health services in connection with ~~[rendering medical]~~ health
53 services rendered under this article; or

54 (5) has engaged in ~~[patterns]~~ a pattern of billing for: health
55 services [which were not provided.] alleged to have been rendered under
56 this article, when the health services were not rendered, provided that

A. 3787

5

1 this shall not be construed to apply to good faith disputes regarding
2 the appropriateness of a particular coding to describe a health care
3 service; or

4 (6) utilized unlicensed persons to render health services under this
5 article, when only a person licensed in this state may render the health
6 services; or

7 (7) utilized licensed persons to render health services under this
8 article, when rendering the health services is beyond the authorized
9 scope of the license of such person; or

10 (8) unlawfully ceded ownership, operation or control of a business
11 entity authorized to provide professional health services in this state,
12 including but not limited to a professional service corporation, profes-
13 sional limited liability company or registered limited liability part-
14 nership, to a person not licensed to render the health services which
15 the entity is legally authorized to provide; or

16 (9) committed a fraudulent insurance act as defined in section 176.05
17 of the penal law; or

18 (10) has been convicted of a crime involving fraudulent or dishonest
19 practices; or

20 (11) has, after warning by the superintendent, engaged in a pattern of
21 unlawfully attempting to collect payment directly from the patient or
22 eligible person for services rendered under this article when such
23 attempts violate the terms of an enforceable assignment of benefits.

24 (c) ~~[Providers]~~ The superintendent shall by regulation develop due
25 process procedures to assure a health provider accused under this
26 section has appropriate notice, an opportunity for a fair hearing and
27 appeal prior to a determination that the health provider may not bill
28 for services under this section. A provider of health services shall
29 ~~[refrain from subsequently treating for remuneration, as a private~~
30 ~~patient, any person seeking medical treatment]~~ not demand or request
31 payment for any health services under this article ~~[if such provider~~
32 ~~pursuant to this section has been prohibited from demanding or request-~~
33 ~~ing any payment for medical services under this article. An injured~~
34 ~~claimant so treated or examined may raise this as]~~ that are rendered
35 during the term of the prohibition ordered by the superintendent pursu-
36 ant to subsection (b) of this section. The prohibition ordered by the
37 superintendent may be a defense in any action by ~~[such]~~ the provider of

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38 health services for payment for ~~[treatment]~~ health services rendered
39 pursuant to this article at any time after such provider has been
40 prohibited from demanding or requesting payment for ~~[medical]~~ such
41 health services in connection with any claim under this article.

42 (d) The ~~[commissioner of health and the commissioner of education]~~
43 superintendent shall maintain and regularly update a database containing
44 a list of providers of health services prohibited by this section from
45 demanding or requesting any payment ~~[for health services connected to a~~
46 claim rendered under this article and shall make ~~[such]~~ the information
47 available to the public ~~[by means of a website and by a toll free~~
48 number].

49 (e) The superintendent may levy a civil penalty not exceeding fifty
50 thousand dollars on any provider of health services that the superinten-
51 dent prohibits from demanding or requesting payment for health services
52 pursuant to subsection (b) of this section. Any civil penalty imposed
53 for a fraudulent insurance act, as defined in section 176.05 of the
54 penal law, shall be levied pursuant to article four of this chapter.

55 (f) Nothing in this section shall be construed as limiting in any
56 respect the powers and duties of the commissioner of health, commission-
A. 3787 6

1 er of education or the superintendent to investigate instances of
2 misconduct by a ~~[health care]~~ provider ~~[and, after a hearing and upon~~
3 ~~written notice to the provider, to temporarily prohibit a provider of~~
4 ~~health services under such investigation from demanding or requesting~~
5 ~~any payment for medical services under this article for up to ninety~~
6 ~~days from the date of such notice]~~ of health services and take appropri-
7 ate action pursuant to any other provision of law. A determination of
8 the superintendent pursuant to subsection (b) of this section shall not
9 be binding upon the commissioner of health or the commissioner of educa-
10 tion in a professional discipline proceeding relating to the same
11 conduct.

12 § 4. Subsection (d) of section 5102 of the insurance law, as amended
13 by chapter 955 of the laws of 1984, is amended to read as follows:

14 (d) "Serious injury" means a personal injury which results in death;
15 dismemberment; significant disfigurement; a fracture; loss of a fetus; a
16 complete tear or rupture of a nerve, tendon, ligament, cartilage or
17 muscle; a tear, rupture or impingement of a nerve, tendon, ligament,
18 cartilage or muscle which results in a significant impairment of a body
19 organ, member, function or system; permanent loss of use of a body
20 organ, member, function or system; permanent consequential limitation of
21 use of a body organ or member; significant limitation of use of a body
22 function or system; or a medically determined injury or impairment of a
23 non-permanent nature which prevents the injured person from performing
24 substantially all of the material acts which constitute such person's
25 usual and customary daily activities for not less than ninety days
26 during the one hundred eighty days immediately following the occurrence
27 of the injury or impairment.

28 § 5. Subsection (j) of section 3420 of the insurance law is amended by
29 adding a new paragraph 4 to read as follows:

30 (4) The term "covered person" as used in this article shall mean any
31 pedestrian injured through the use or operation of, or any owner, opera-

32 tor or occupant of, a motor vehicle which has in effect the financial
33 security required by article six or eight of the vehicle and traffic law
34 or which is referred to in subdivision two of section three hundred
35 twenty-one of such law; or any other person entitled to first party
36 benefits. For the purposes of this article, "covered person" shall also
37 include any person injured as the result of a staged, planned or inten-
38 tional accident, provided that such person is not a perpetrator of or a
39 knowing participant in the staging or planning of the accident.

40 § 6. Section 5202 of the insurance law is amended by adding a new
41 subsection (m) to read as follows:

42 (m) "Covered person" means any pedestrian injured through the use or
43 operation of, or any owner, operator or occupant of, a motor vehicle
44 which has in effect the financial security required by article six or
45 eight of the vehicle and traffic law or which is referred to in subdivi-
46 sion two of section three hundred twenty-one of such law; or any other
47 person entitled to first party benefits. For the purposes of this arti-
48 cle, "covered person" shall also include any person injured as the
49 result of a staged, planned or intentional accident, provided that such
50 person is not a perpetrator of or a knowing participant in the staging
51 or planning of the accident.

52 § 7. This act shall take effect immediately; provided that:

53 (a) section two of this act shall apply to benefits initiated on or
54 after the one hundred eightieth day after this act shall have become a
55 law; and

A. 3787

7

1 (b) sections three, five and six of this act shall take effect on the
2 one hundred eightieth day after it shall have become a law provided that
3 the superintendent of insurance shall immediately promulgate rules and
4 regulations pursuant to section 5109 of the insurance law as amended by
5 section three of this act and sections five and six of this act shall
6 apply to all new policies and policies that are renewed or modified
7 after such one hundred eightieth day.

http://www.cms.hhs.gov/MandatoryInsRep/04_Whats_New.asp#TopOfPage.

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STATE OF NEW YORK

2816

2011-2012 Regular Sessions

IN SENATE

February 2, 2011

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to comprehensive motor vehicle reparations

The People of the State of New York, represented in Senate and Assem-
bly, do enact as follows:

1 Section 1. Section 5102 of the insurance law is amended by adding a
2 new subsection (n) to read as follows:

3 (n) "Health service provider" means any medical provider that submits
4 a bill for payment under benefits defined and provided by this section
5 for any of the following:

6 (1) Medical, hospital (including services rendered in compliance with
7 article forty-one of the public health law, whether or not such services
8 are rendered directly by a hospital), surgical, nursing, dental, ambu-
9 lance, x-ray, prescription drug and prosthetic services;

10 (2) Psychiatric, physical therapy (provided that treatment is rendered
11 pursuant to a referral) and occupational therapy and rehabilitation;

12 (3) Any nonmedical remedial care and treatment rendered in accordance
13 with a religious method of healing recognized by the laws of this state;
14 and

15 (4) Any other professional health services.

16 § 2. Subsection (a) of section 5106 of the insurance law is amended by
17 adding two new undesignated paragraphs to read as follows:

18 Payment of the interest penalty and reasonable attorney fees to a
19 claimant when payment of a claim is overdue shall be the exclusive reme-
20 dy when an insurer fails to make timely payment. The failure of an
21 insurer to make timely payment or issue a denial within thirty days
22 after proof of claim has been submitted to an insurer shall not preclude
23 such insurer from issuing a denial or asserting a defense after the
24 thirty day period has elapsed.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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The claimant has the burden of proof to show the expenses under paragraph one of subsection (a) of section five thousand one hundred two of this article were medically necessary and in accordance with the applicable fee schedule. Evidence of mailing a claim form shall not be sufficient to meet this burden.

§ 3. Subsection (b) of section 5106 of the insurance law, as amended by chapter 452 of the laws of 2005, is amended to read as follows:

(b) ~~Every insurer shall provide a claimant with the option of submitting any dispute~~ All disputes involving the insurer's liability to pay first party benefits, or additional first party benefits, the amount thereof or any other matter which may arise pursuant to subsection (a) of this section shall be submitted to arbitration pursuant to simplified procedures to be promulgated or approved by the superintendent. Such simplified procedures shall include an expedited eligibility hearing option, when required, to designate the insurer for first party benefits pursuant to subsection (d) of this section. The expedited eligibility hearing option shall be a forum for eligibility disputes only, and shall not include the submission of any particular bill, payment or claim for any specific benefit for adjudication, nor shall it consider any other defense to payment.

§ 4. The insurance law is amended by adding a new section 5110 to read as follows:

§ 5110. Assignment of benefits to health service providers. (a) A "covered person" has the right to assign claims for medical expenses under this article to a "health service provider", and such assignment shall afford the health service provider as the assignee, the rights, privileges, and remedies for payment to which a covered person is entitled to under this article. However, such assignment is valid only where coverage and compliance with policy terms by the covered person are not in dispute.

(b) The covered person shall have the sole right to contest any issues involving coverage or compliance with policy terms by the covered person.

(c) The health service provider shall have a lien against any recovery by the covered person for services provided.

(d) The health service provider shall not pursue payment for the cost of services arising out of the injuries the covered person sustained due to a motor vehicle accident unless there is a determination that coverage does not exist.

§ 5. Section 5109 of the insurance law, as added by chapter 423 of the laws of 2005, is amended to read as follows:

§ 5109. Unauthorized providers of health services. (a) ~~The superintendent, in consultation with the commissioner of health and the commissioner of education, shall by regulation, promulgate standards and procedures for investigating and suspending or removing the authorization for providers of health services to demand or request payment for health services as specified in paragraph one of subsection (a) of section five thousand one hundred two of this article upon findings reached after investigation pursuant to this section. Such regulations shall ensure the same or greater due process provisions, including~~

51 ~~notice and opportunity to be heard, as those afforded physicians inves-~~
52 ~~tigated under article two of the workers' compensation law and shall~~
53 ~~include provision for notice to all providers of health services of the~~
54 ~~provisions of this section and regulations promulgated thereunder at~~
55 ~~least ninety days in advance of the effective date of such regulations]~~
56 As used in this section, "health services" means services, supplies,
S. 2816 3

1 therapies or other treatments specified in subparagraph (i), (ii) or
2 (iv) of paragraph one of subsection (a) of section five thousand one
3 hundred two of this article.

4 ~~(b) [The commissioner of health and the commissioner of education~~
5 ~~shall provide a list of the names of all providers of health services~~
6 ~~who the commissioner of health and the commissioner of education shall~~
7 ~~deem, after reasonable investigation, not authorized to demand or~~
8 ~~request any payment for medical services in connection with any claim~~
9 ~~under this article because such]~~ The superintendent may prohibit a
10 provider of health services from demanding or requesting payment for
11 health services rendered under this article, for a period not exceeding
12 three years, if the superintendent determines, after notice and a hear-
13 ing, that the provider of health services:

14 (1) has admitted to, or been found guilty of, professional [or other]
15 misconduct [or incompetency], as defined in the education law, in
16 connection with [medical] health services rendered under this article;
17 or

18 (2) ~~[has exceeded the limits of his or her professional competence in~~
19 ~~rendering medical care under this article or has knowingly made a false~~
20 ~~statement or representation as to a material fact in any medical report~~
21 ~~made in connection with any claim under this article; or~~

22 ~~(3)] solicited, or [has] employed another person to solicit for~~
23 ~~[himself or herself] the provider of health services or [for] another~~
24 ~~person or entity, professional treatment, examination or care of [an~~
25 ~~injured] a person in connection with any claim under this article; or~~

26 ~~[(4)] (3) has refused to appear before, or [to] answer any question~~
27 ~~upon request of, the [commissioner of health, the] superintendent[7] or~~
28 ~~any duly authorized officer of [the] this state, [any legal question,7]~~
29 ~~or refused to produce any relevant information concerning [his or her]~~
30 ~~the conduct of the provider of health services in connection with~~
31 ~~[rendering medical] health services rendered under this article; or~~

32 ~~[(5)] (4) has engaged in [patterns] a pattern of billing for [services~~
33 ~~which were not provided]:~~

34 (i) health services alleged to have been rendered under this article,
35 when the health services were not rendered; or

36 (ii) unnecessary health services; or

37 (5) utilized unlicensed persons to render health services under this
38 article, when only a person licensed in this state may render the health
39 services; or

40 (6) utilized licensed persons to render health services, when render-
41 ing the health services is beyond the authorized scope of the person's
42 license; or

43 (7) ceded ownership, operation or control of a business entity author-
44 ized to provide professional health services in this state, including
45 but not limited to a professional service corporation, limited liability
46 company or registered limited liability partnership, to a person not

47 licensed to render the health services for which the entity is legally
48 authorized to provide, except where the unlicensed person's ownership,
49 operation or control is otherwise permitted by law; or
50 (8) committed a fraudulent insurance act as defined in section 176.05
51 of the penal law; or
52 (9) has been convicted of a crime involving fraudulent or dishonest
53 practices; or
54 (10) violated any provision of this article or regulations promulgated
55 thereunder.

S. 2816

4

1 (c) [~~Providers~~] A provider of health services shall [~~refrain from~~
2 ~~subsequently treating for remuneration, as a private patient, any person~~
3 ~~seeking medical treatment~~] not demand or request payment for health
4 services under this article [~~if such provider pursuant to this section~~
5 ~~has been prohibited from demanding or requesting any payment for medical~~
6 ~~services under this article. An injured claimant so treated or examined~~
7 ~~may raise this as~~] that are rendered during the term of the prohibition
8 ordered by the superintendent pursuant to subsection (b) of this
9 section. The prohibition ordered by the superintendent may be a defense
10 in any action by [~~such~~] the provider of health services for payment for
11 [~~treatment rendered at any time after such provider has been prohibited~~
12 ~~from demanding or requesting payment for medical services in connection~~
13 ~~with any claim under this article~~] such health services.

14 (d) The [~~commissioner of health and the commissioner of education~~]
15 superintendent shall maintain [~~and regularly update~~] a database contain-
16 ing a list of providers of health services prohibited by this section
17 from demanding or requesting any payment for health services [~~connected~~
18 ~~to a claim~~] rendered under this article and shall make [~~such~~] the infor-
19 mation available to the public [~~by means of a website and by a toll free~~
20 ~~number~~].

21 (e) The superintendent may levy a civil penalty not exceeding fifty
22 thousand dollars on any provider of health services that the superinten-
23 dent prohibits from demanding or requesting a payment for health
24 services pursuant to subsection (b) of this section. Any civil penalty
25 imposed for a fraudulent insurance act, as defined in section 176.05 of
26 the penal law, shall be levied pursuant to article four of this chapter.

27 (f) Nothing in this section shall be construed as limiting in any
28 respect the powers and duties of the commissioner of health, commission-
29 er of education [~~or~~], the superintendent, or insurer to investigate
30 instances of misconduct by a [~~health care~~] provider [~~and, after a hear-~~
31 ~~ing and upon written notice to the provider, to temporarily prohibit a~~
32 ~~provider of health services under such investigation from demanding or~~
33 ~~requesting any payment for medical services under this article for up to~~
34 ~~ninety days from the date of such notice~~] of health services and take
35 appropriate action pursuant to any other provision of law. A determi-
36 nation of the superintendent pursuant to subsection (b) of this section
37 shall not be binding upon the commissioner of health or the commissioner
38 of education in a professional disciplinary proceeding relating to the
39 same conduct.

40 § 6. Section 5108 of the insurance law is amended to read as follows:

41 § 5108. Limit on charges by providers of health services. (a) The
42 charges for services specified in paragraph one of subsection (a) of
43 section five thousand one hundred two of this article and any further

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44 health service charges which are incurred as a result of the injury and
45 which are in excess of basic economic loss, shall not exceed the charges
46 permissible under the schedules prepared and established by the chairman
47 of the workers' compensation board for industrial accidents, except
48 where the insurer or arbitrator determines that unusual procedures or
49 unique circumstances justify the excess charge, and shall be subject to
50 the treatment guidelines established pursuant to subsection (d) of this
51 section. At no time shall an insurer pay any charge that exceeds the
52 charges permissible under the schedule prepared and established by the
53 chair of the workers' compensation board.

54 (b) The superintendent, after consulting with the chairman of the
55 workers' compensation board and the commissioner of health, shall
56 promulgate rules and regulations implementing and coordinating the
S. 2816 5

1 provisions of this article and the workers' compensation law with
2 respect to charges for the professional health services specified in
3 paragraph one of subsection (a) of section five thousand one hundred two
4 of this article, including the establishment of schedules for all such
5 services for which schedules have not been prepared and established by
6 the chairman of the workers' compensation board, including, but not
7 limited, to durable medical equipment or supplies. Additionally, the
8 superintendent, after consultation with the workers' compensation board
9 and the commissioner of health, shall promulgate treatment guidelines
10 with the respect of treating covered persons. Charges for services that
11 are not specifically scheduled by the superintendent of insurance of the
12 chairman of the workers' compensation board, or are not compensable
13 charges under Medicare are not compensable health service charges under
14 subsection (a) of section five thousand one hundred two of this article.

15 (c) No provider of health services specified in paragraph one of
16 subsection (a) of section five thousand one hundred two of this article
17 may demand or request any payment in addition to the charges authorized
18 pursuant to this section. No such provider may be reimbursed for any
19 services unless the provider complies with subsection (d) of this
20 section. Every insurer shall report to the commissioner of health any
21 patterns of overcharging, excessive treatment or other improper actions
22 by a health provider within thirty days after such insurer has knowledge
23 of such pattern.

24 (d) Notwithstanding any other provision of the statute, rule or regu-
25 lation to the contrary, the following shall apply for all individuals or
26 entities that provide, treat, or charge for services specified in para-
27 graph one of subsection (a) of section five thousand one hundred two of
28 this article:

29 (1) The treating provider shall follow the treatment guidelines estab-
30 lished by the superintendent;

31 (2) Deviations from the treatment guidelines may be permitted under
32 the following conditions:

33 (i) prior written or electronic request is given to the insurer prior
34 to commencing treatment. The request shall contain justification for the
35 deviation from the treatment guidelines. The burden of showing the
36 necessity of the deviation remains solely on the treating provider.
37 Failure to provide this request shall result in a maximum reimbursement
38 of fifty percent of the treatment guidelines.

39 (ii) the insurer shall not be precluded from evaluating the deviation

40 for payment during the pendency of the review, and may utilize peer
41 review for evaluation of the deviation.

42 (iii) any disputes shall be resolved through a panel of experts who
43 have been trained or certified in the treatment guidelines pursuant to
44 subsection (e) of section five thousand one hundred six of this article.

45 (3) An insurer may schedule an independent medical examination at any
46 time during the course of treatment.

47 (4) Services or supplies not covered by the treatment guidelines or
48 the workers' compensation fee schedule shall not be compensable.

49 § 7. Section 5106 of the insurance law is amended by adding a new
50 subsection (e) to read as follows:

51 (e) Every insurer shall provide the treating provider with the option
52 of submitting a dispute involving a request for deviations from the
53 treatment guidelines under subsection (d) of section five thousand one
54 hundred eight of this article to arbitration pursuant to simplified
55 procedures promulgated or approved by the superintendent. Such simpli-

S. 2816

6

1 fied procedures shall include arbitration through a panel of experts who
2 have been trained or certified in the treatment guidelines.

3 § 8. Subsection (b) of section 3425 of the insurance law is amended by
4 adding a new undesignated paragraph to read as follows:

5 Notwithstanding any rule, law or regulation to the contrary, an insur-
6 er may rescind, or retroactively cancel to the inception of the policy,
7 coverage for personal injury protection under article fifty-one of this
8 chapter where there is nonpayment of the initial premium or initial
9 installment within the first sixty days, or where it is discovered that
10 the payment proceeds or identity of the purported policyholder were
11 stolen. A person who is injured during this period may have recourse
12 under a personal policy of insurance or to the motor vehicle indemnifi-
13 cation corporation provided such person did not participate in any frau-
14 dulent activity, including but not limited to, a staged or intentionally
15 caused accident.

16 § 9. This act shall take effect immediately and shall apply to all
17 actions and proceedings commenced on or after such date; and shall also
18 apply to any action or proceeding which was commenced prior to such
19 effective date where, as of such date, a trial of the issues has not yet
20 commenced.

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