

House Bill 5561
April 24, 2025

Dear Chairman Soloman and Members of the Couse Corporations Committee:

Thank you for accepting my written testimony. House bill 5561. Some health insurers, not all, deny claims for payment based solely on the fact that a medical bill arises out of a liability claim. Such denial is done with blatant disregard for the surrounding circumstances. For example, it is not uncommon for the plan member to be denied recovery under a liability claim due to various reasons, including but not limited to the plan member being at fault for the accident, or lack liability insurance coverage by the 3rd party. In such scenarios, the plan member will sometime still have outstanding medical bills despite having valid health insurance coverage. This may result in collection proceeding against the plan member by the provider and/or derogatory credit. Furthermore, it is not uncommon for liability claims to be resolved years later, at which point the time for claim submission and/or appeal has expired.

It is important to note that health insurers have the right of subrogation. The health insurer may pursue recovery of any payments made that are as a result of a 3rd party liability claim. In other words, if the plan member recovers on the liability claim, the health insurer can recover what it has already been paid out.

The fact that health insurers continue this unfair and unjust practice undermines the very reasoning behind health insurers having rights of subrogation.

Further, in some circumstances, medical providers refuse to submit claims for payment under health insurance due to the fact that the medical providers believe such claim is not covered. It should not be in discretion of a medical provider to decide what claims should and should not be covered by health insurers. If a patient has valid health insurance coverage and the medical provider accepts such insurance coverage, then the medical provider should not have discretion to determine what and what not to submit for payment.

Should you have any questions please do not hesitate to contact me at (401) 232-4000.

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