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3 HOUSE INSURANCE COMMITTEE SUBSTITUTE FOR HB221  
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8 SYNOPSIS: Under existing law, a hospital is prohibited  
9 from perfecting a lien against an injured person if  
10 the person is covered by health insurance, unless  
11 certain specified conditions precedent are met.  
12 This provision may be superseded by a contractual  
13 agreement between a hospital and the injured  
14 person's health insurance.

15 This bill would delete the provision  
16 allowing a contract between a hospital and an  
17 insured to supersede the conditions required to be  
18 met before the perfection of a hospital lien  
19 against an injured party.

20 This bill would also provide that a health  
21 insurance company or other entity which pays for  
22 health services would be prohibited from denying,  
23 delaying, or deferring payment for health care  
24 services on behalf of an insured based on the  
25 injured party having a possible claim for damages  
26 against a third party.  
27

1 A BILL  
2 TO BE ENTITLED  
3 AN ACT  
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5 Relating to health insurance and health care payors  
6 for health care services; to amend Section 35-11-371 of the  
7 Code of Alabama 1975, as amended by Act 2019-273, 2019 Regular  
8 Session, providing for the circumstances under which a  
9 hospital may perfect a lien against an injured person; to  
10 delete a provision allowing a contractual agreement between a  
11 hospital and the injured person's health insurance or other  
12 health care payor to supersede this law; to prohibit an  
13 insurer or other health care payor from denying, delaying, or  
14 deferring payment on a claim for payment to an injured party  
15 based on the injured party being treated for injuries received  
16 under circumstances that may give rise to a claim against a  
17 third party; and to provide that this act would be prospective  
18 in operation.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

20 Section 1. Section 35-11-371, Code of Alabama 1975,  
21 as last amended by Act 2019-273, 2019 Regular Session, is  
22 amended to read as follows:

23 "§35-11-371.

24 "(a) For the purposes of this section, the following  
25 terms shall have the following meanings:

26 "(1) HEALTH CARE PAYOR. A health care insurer,  
27 health maintenance organization, or health care service plan

1 organized under Article 6, Chapter 20, Title 10A, authorized  
2 to provide health care coverage in the state.

3 "(2) SATISFY THE CLAIM. Receipt by the hospital of  
4 either of the following:

5 "a. Full payment for services as billed.

6 "b. If the hospital has a contract with the injured  
7 person's health care payor, payment together with all credits,  
8 discounts, and contractual adjustments that the patient's bill  
9 would be entitled under the contract, including recoupments,  
10 between the hospital and the patient's health care payor which  
11 extinguish the patient's obligation for the services rendered.

12 "(b) Unless ~~specifically contrary to any contractual~~  
13 ~~agreement between the hospital and the injured person's health~~  
14 ~~care payor or unless~~ contrary to any ~~statute~~ law or  
15 governmental rule or regulation of the United States or this  
16 state, no hospital shall perfect a lien as to any injured  
17 person who was covered by a health care payor's policy, until  
18 the hospital submits to the health care payor an accurate and  
19 properly coded claim, or if a contract exists between the  
20 hospital and the health care payor, in the form required  
21 pursuant to the contract, and there is a failure to satisfy  
22 the claim. Perfection of a lien shall be as follows:

23 "(1) A hospital may perfect its lien as to an  
24 injured person who was covered by a health care payor's policy  
25 that provides primary coverage for the care, if the hospital  
26 takes the steps described in subsection (c), within 20 days  
27 after its receipt of notice of the health care payor's denial

1 of an accurate and properly coded claim. Failure to satisfy an  
2 accurate and properly coded claim within 45 days of submission  
3 or the subsequent recoupment by the health care payor of  
4 amounts previously paid, which results in a failure to satisfy  
5 the claim, shall be deemed a denial of the claim.

6 "(2) A hospital may perfect its lien as to an  
7 injured person who was not known to the hospital to be covered  
8 by a health care payor, was covered by a governmental payor  
9 including Medicare or Medicaid, or was covered by a policy not  
10 described in subdivision (b)(1), if it takes the steps  
11 described in subsection (c) within 20 days after discharge.

12 "(3) Where the hospital does not receive evidence of  
13 the injured person's health care payor until after the lien  
14 provided for by this section has been perfected, the hospital  
15 shall bill the health care payor forthwith but may retain its  
16 lien until satisfaction of the claim. If the claim is  
17 satisfied, the hospital shall release the lien within 10 days.

18 "(c) In order to perfect a lien under this division,  
19 the operator of the hospital, shall file with the probate  
20 court of the county in which the hospital is located a  
21 verified statement setting forth the name and address of the  
22 patient, as it shall appear on the records of the hospital,  
23 the name and location of the hospital and the name and address  
24 of the operator thereof, the dates of admission and discharge  
25 of the patient therefrom, the amount claimed to be due for the  
26 hospital care, which shall give full credit for any health  
27 care payor payments made, including agreed contractual

1 adjustments, and to the best of the claimant's knowledge, the  
2 names and addresses of all persons, firms, or corporations  
3 claimed by the injured person, or the legal representative of  
4 the person, to be liable for damages arising from the  
5 injuries. The claimant shall also within one day after the  
6 filing of the claim or lien, mail a copy thereof by registered  
7 or certified mail, postage prepaid, for each person, firm, or  
8 corporation so claimed to be liable on account of the  
9 injuries, at the addresses so given in the statement, and to  
10 the patient, his or her guardian, or his or her personal  
11 representative at the address given at the time of admission.

12 "(d) The filing of a claim or lien shall be notice  
13 thereof to all persons, firms, or corporations liable for  
14 damages, whether or not they are named in the claim or lien.  
15 Nothing shall be deemed to preclude the hospital from  
16 perfecting its lien outside of the time limits stated in this  
17 section through providing actual notice to persons, firms, or  
18 corporations.

19 "(e) The judge of probate shall endorse thereon the  
20 date and hour of filing, and at the expense of the county  
21 shall provide a hospital lien book with proper index in which  
22 he or she shall enter the date and hour of the filing, the  
23 names and addresses of the hospital, the operators thereof and  
24 of the patient, the amount claimed and the names and addresses  
25 of those claimed to be liable for damages. The information  
26 shall be recorded in the name of the patient. The judge of

1 probate shall be paid one dollar (\$1) as his or her fee for  
2 the filing."

3 Section 2. Section 27-12-25 is added to the Code of  
4 Alabama 1975, to read as follows:

5 §27-12-25.

6 (a) Notwithstanding any other provision of law, any  
7 health insurer, any health care service plan organized under  
8 Article 6, Chapter 20, Title 10A, or any health maintenance  
9 organization organized under Chapter 21A, Title 27, which  
10 contracts for health insurance or to pay for health care  
11 services, is prohibited from denying, delaying, or deferring  
12 payment of an otherwise valid claim for payment of health care  
13 services, because the insured, who is the injured person, has  
14 been or is being treated for injuries received under  
15 circumstances giving rise to a possible injury liability claim  
16 or a claim for benefits under an individual or group  
17 automobile insurance policy that provides uninsured motorist  
18 or medical payment coverage. Any provision in a policy of  
19 health insurance or any provision in a hospital contract with  
20 a health care payor, as defined in Section 35-11-371, issued,  
21 entered into, amended, or renewed in this state on or after  
22 the effective date of the act which attempts to coordinate  
23 benefits in violation of this section is void and  
24 unenforceable.

25 (b) The Department of Insurance shall adopt rules to  
26 carry out this section.

1                   Section 3. This act shall apply only to contracts  
2 entered into, amended, or renewed on or after the effective  
3 date of this act.

4                   Section 4. This act shall become effective on the  
5 first day of the third month following its passage and  
6 approval by the Governor, or its otherwise becoming law.