



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

March 4, 2008

CIRCULAR LETTER NO.: 2008-1790-PP

TO ALL HEALTH SERVICES ORGANIZATIONS AND DISABILITY INSURERS
THAT WRITE HEALTH CARE INSURANCE IN PUERTO RICO

**CLARIFICATION OF RULING LETTER NO. 2007-85-PP REGARDING
DISCLOSURE OF POLICY ON PAYMENT PROCEDURES FOR CLAIMS FILED
FOR SERVICES PROVIDED BY PARTICIPATING PROVIDERS**

Dear Sirs and Madams:

Public Law No. 104, enacted on July 19, 2002, the "The Prompt Payment of Claims to Health Services Providers Act," was added to Chapter 30 of the Puerto Rico Insurance Code, 26 L.P.R.A., section 3001 et seq. The purpose of this law is to establish the time frame in which insurers and health services organizations pay the claims for services rendered submitted by their participating providers, and to regulate procedures and applicable exclusions, among other matters.

Rule No. 73 of the Regulations of the Puerto Rico Insurance Code, which was subsequently promulgated by the Office of the Commissioner of Insurance (OCI), established the necessary standards to ensure and regulate the prompt payment of claims submitted by participating providers. The aforementioned Public Law 104 and Rule 73 seek to ensure the best health services for consumers.

Since then, the OCI has issued several Ruling and Circular Letters to notify the OCI's interpretation of certain provisions of Chapter 30 of the Puerto Rico Insurance Code and its Regulations, and to establish the procedures for their enforcement.¹

¹ Circular Letter No. C-L-12-1669-2002, Circular Letter No. C-E-1-1673-2003, Ruling Letter N-E-3-51-2004, Circular Letter No. C-I-12-1723-2004, Ruling Letter No. N-PP-3-73-2006, Ruling Letter No. 2007-85-PP and Circular Letter No. 2007-1787-PP.

Specifically, on December 21, 2007, the OCI issued Ruling Letter No. 2007-85-PP, for the principal purpose of requiring disability insurers that write health insurance and all health services organizations to file a Report with the OCI on January 31 of every year, regarding all amendments that were made to their policies on payment to providers during the year preceding the filing of the Report. This was done with a view to maintaining an up to date record of all current payment policies for each insurer and health services organization that is authorized to write health insurance or health care plans in Puerto Rico.

Furthermore, in the Ruling Letter, the OCI required these institutions to file with the OCI, within the 60 day period provided in Section 6 of Rule 83, a copy of the notice addressed to the participating providers, any time the payment policies are modified, whether due to its own needs or requirements of state or federal law.

We are issuing this Circular Letter with a view to clarifying concerns and questions that have been addressed to the OCI by some components of the insurance industry regarding that Ruling Letter.

The date for filing the report, January 31 of every year, was established for the sole purpose of setting a specific date for submitting the information that is required in the Ruling Letter, which is absolutely necessary for our monitoring and regulatory activities of the health insurance industry, in compliance with the provisions of the Insurance Code and its Regulations regarding the prompt payment of providers. In this regard, the OCI requirement should not be interpreted as an amendment to Rule 73, *supra*, but rather as part of the requirements set forth in Section 2.030 of the Puerto Rico Insurance Code, 26 L.P.R.A. sec. 203, and Rule 1A of the Regulations of the Code.

Section 6 of Rule 83, *supra*, provides that if an insurer health services organization is forced to amend its payment policies due to its own needs or state or federal provisions, such amendment must be notified to the participating providers, no less than sixty (60) days before the effective date. With a view to ensuring adequate compliance with this requirement of law, Ruling Letter 2007-85-PP requires disability insurers that write health insurance in Puerto Rico and services organizations to notify the OCI, within the same 60-day period, with a copy of the amendments to their provider payment policies. Although this filing does not require submitting evidence to the OCI that all participating providers were notified of the amendment, that information shall be kept in the internal files of the insurers and the health services organizations, and be accessible to the OCI for review. This information shall include reliable proof that notice of the amendment was sent to all participating providers.

Therefore, the date established for the disclosure of such policy to the OCI, that is to say, January 31 of every year, will not be affected if an insurer or health services

organizations creates or modifies its payment policies mid-year. Insurers or health services organizations that amend their payment policies shall comply with the requirement established in Section 6 of Rule 83 of the Puerto Rico Insurance Code, mentioned above, and the provisions of Ruling Letter 2007-85-PP.

Finally, with regard to the requirement established in the Ruling Letter to the effect that along with the January 31, 2008 Report the OCI should be sent a copy of the provider payment policies of all insurers and health insurance organizations from the time of the implementation of the policy until the present, we clarify that in the Report only a copy of the payment policy that was applicable from 2005 to 2007 should be included.

Furthermore, to facilitate compliance with this requirement, the OCI is granting disability insurers and health services organizations, thirty (30) additional days, to be counted from the date of this letter, to submit the requested documentation and reports.

We clarify that the information required under Ruling Letter No. 2007-85 PP, will be used by the OCI exclusively for regulatory purposes, and the information will be subject to public inspection, insofar as such inspection does not affect healthy competition between our licensees.

All disability insurers that write health insurance and all health services organizations that write health care plans in Puerto Rico are required to take note of the content of this Circular Letter and strictly comply with the provisions herein.

Very truly yours,

SIGNED

Dorelisse Juarbe Jiménez
Insurance Commissioner

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