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### BULLETIN 08-08

Date: March 11, 2008

To: Insurers, Nonprofit Health Service Plans, Health Maintenance Organizations and Dental Plan Organizations

Re: Audits and Retroactive Adjustments - Limitations

The purpose of this Bulletin is to clarify the limitations on an insurer's, nonprofit health service plan's, health maintenance organization's and dental plan organization's ("carrier's") right to retroactively collect reimbursement from a provider based on the results of an audit. It is the position of the Maryland Insurance Administration that a carrier is prohibited from using an extrapolation of errors discovered in an audit of a sample of claims as a basis for adjusting claims previously paid and that were not part of the audited sample.

Retroactively adjusting a claim that was not subject to individual review is an unfair claims settlement practice and is a violation of §27-303 of the Insurance Article. Additionally, any retroactive adjustments or denials must comply with the applicable provisions of Title 15, Subtitles 10A, 10B, and 10D and §15-1008 of the Insurance Article.

A carrier may retroactively adjust any actual claim reviewed during an audit in accordance with §15-1008 of the Insurance Article.

Questions relating to this Bulletin may be addressed to Leighton Tabron, Chief Examiner @ (410) 468-2233.

A handwritten signature in black ink, appearing to read "P. Todd Cioni".

P. Todd Cioni  
Associate Commissioner  
Compliance & Enforcement