



**STATE OF NEW YORK  
INSURANCE DEPARTMENT**  
AGENCY BUILDING ONE  
EMPIER STATE PLAZA  
ALBANY, NY 12257

**Circular Letter No. 6 (2000)  
January 27, 2000**

**TO: All Insurance Companies and HMOs Licensed to Write Accident and Health Insurance in New York State**

**RE: Section 3224 Insurance Law, Prompt Payment of Accident and Health Claims**

The Prompt Pay Law, signed by Governor Pataki in September 1997, requires HMOs and insurance companies to pay undisputed claims and bills within 45 days of receipt.

Prompt pay violations undermine New York's health care system and greater attention by management and directors must be focused on eliminating such violations. Over the last two years, over \$266,000 in fines have been paid by insurers and HMOs for violating the statute. Despite these actions, a large number of insurers and HMOs have repeatedly failed to comply with the law. This repeated failure requires that the Department take further action to ensure compliance. Therefore, the Department will be taking additional actions to enforce the prompt pay legislation. The following changes will be implemented:

- Schedule H will be amended to include the total number of claims that are processed annually.
- Letters will be issued pursuant to Section 308 of the New York Insurance Law requesting information regarding the number of claims processed during specific time periods.
- Tougher penalties will be sought for those companies that are determined to be recidivists. HMOs and insurers who have repeatedly failed to pay their claims on time will face fines of up to \$5,000 per violation, as allowed by the statute.

The officer in charge of claims should acknowledge in writing receipt of this Circular Letter no later than February 28, 2000 to:

Laura Dillon, Senior Examiner  
Consumer Services Bureau  
New York Insurance Department  
Agency Building 1, Empire State Plaza  
Albany NY 12257

Please direct any questions concerning this Circular Letter to Ms. Dillon at (518) 486-9105.

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Salvatore Castiglione, Chief  
Consumer Services Bureau