

**Kentucky Department of Insurance
Market Conduct Regulation**

Further Clarification to Bulletin 2013-04

Q. What is the purpose of Bulletin 2013-4?

A. The Kentucky Department of Insurance issued the bulletin to explain its position that under the Kentucky Insurance Code (KRS 304.39-245), if the insurer reduces a provider billing in reference to Kentucky No-Fault benefits, then the insurer must demonstrate to the Department that a negotiation with the provider has been attempted. The Department does not require that the negotiation be successful, only that it has been attempted, and the attempt has been documented. If an insurer and a provider do not reach an agreement on a reduction of charges, the dispute over a provider's charges becomes a matter for the courts.

Q. Upon reduction of a provider charge, please provide examples of negotiation for compliance.

A. Examples of acceptable documentation of attempted negotiation are, but are not limited to: a statement on the EOB indicating an *offer* of payment; a documented phone call in the claim log indicating an attempt by the insurer to negotiate with the provider; a letter explaining the reduction and indicating it is an *offer* of payment; or, a contract with a provider which expressly states the reduction is agreed upon and which includes reference to Kentucky No-Fault benefits. Other methods of documenting an attempted negotiation would be judged on a case-by-case basis.