

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 8442

To amend title XXVII of the Public Health Service Act to establish civil liability for health insurance issuers with high levels of claims denials.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2026

Ms. CRAIG (for herself and Mr. RYAN) introduced the following bill; which was referred to the Committee on Energy and Commerce

---

## A BILL

To amend title XXVII of the Public Health Service Act to establish civil liability for health insurance issuers with high levels of claims denials.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Patient Refunds for  
5 Bad Denials Act of 2026”.

1 **SEC. 2. ESTABLISHING CIVIL LIABILITY FOR HEALTH IN-**  
2 **SURANCE ISSUERS WITH HIGH LEVELS OF**  
3 **CLAIMS DENIALS.**

4 (a) IN GENERAL.—Title XXVII of the Public Health  
5 Service Act (42 U.S.C. 300gg et seq.) is amended by add-  
6 ing at the end the following new part:

7 **“PART F—CLAIMS DENIALS**  
8 **“SEC. 2799C-1. CIVIL LIABILITY FOR HIGH RATES OF**  
9 **CLAIMS DENIALS.**

10 “(a) IN GENERAL.—The Secretary may impose on  
11 each health insurance issuer offering group or individual  
12 health insurance coverage for a plan year beginning on  
13 or after January 1, 2027, a civil monetary penalty not  
14 to exceed the amount specified in subsection (e) if the Sec-  
15 retary finds that any such coverage offered by such issuer  
16 during such plan year had an claims denial percentage of  
17 25 percent (or such lower percent as the Secretary may  
18 specify) or greater.

19 “(b) CLAIMS DENIAL PERCENTAGE.—

20 “(1) IN GENERAL.—For purposes of this sec-  
21 tion, the term ‘claims denial percentage’ means, with  
22 respect to group or individual health insurance cov-  
23 erage and a plan year, the percentage of claims for  
24 items and services furnished during such plan year  
25 that the Secretary determines, pursuant to audits  
26 conducted under subsection (c), were denied.

1           “(2) EXCLUSION OF CERTAIN CLAIMS.—A claim  
2           denied on the basis of fraud or lack of medical ne-  
3           cessity that the Secretary determines, pursuant to  
4           audits conducted under subsection (c), were correctly  
5           denied shall not be treated as a denied claim for  
6           purposes of clause (i).

7           “(3) EVALUATIONS OF DENIED CLAIMS.—In as-  
8           sessing whether a claim that was denied by a health  
9           insurance issuer offering group or individual health  
10          insurance coverage on the basis of fraud was cor-  
11          rectly denied for purposes of determining the claims  
12          denial percentage of such coverage, the Secretary  
13          shall find such claim to have been correctly denied  
14          only if such issuer provides sufficient information to  
15          the Secretary to demonstrate that such claim was  
16          fraudulent.

17          “(c) AUDITS.—The Secretary may conduct such au-  
18          dits of group and individual health insurance coverage as  
19          the Secretary determines appropriate for purposes of  
20          ascertaining the claims denial percentage of such coverage.

21          “(d) DISTRIBUTION OF AMOUNTS.—The Secretary  
22          shall distribute on a pro rata basis to individuals enrolled  
23          during a plan year in group or individual health insurance  
24          coverage offered by a health insurance issuer which is sub-  
25          ject to a civil monetary penalty imposed under this section

1 with respect to such plan year an amount equal to  
2 amounts collected under this section for such penalties so  
3 imposed.

4 “(e) AMOUNT SPECIFIED.—

5 “(1) IN GENERAL.—For purposes of subsection  
6 (a), the amount specified in this subsection is, with  
7 respect to a health insurance issuer—

8 “(A) \$10,000,000; plus

9 “(B) an additional \$2,000,000 for every  
10 percentage point by which the claims denial  
11 percentage of such issuer exceeds 25 percent.

12 “(2) INFLATION ADJUSTMENTS.—The Sec-  
13 retary may adjust the amounts specified in this sub-  
14 section for 2028 and each subsequent year to ac-  
15 count for the change in the consumer price index for  
16 all urban consumers over the preceding year.

17 “(3) CONSIDERATIONS IN IMPOSITION.—In de-  
18 termining the amount of a civil monetary penalty  
19 under this section, the Secretary may take into ac-  
20 count any efforts made by the health insurance  
21 issuer to reduce the claims denial percentage of  
22 health insurance coverage offered by such issuer.”.

23 (b) CONSUMER PROTECTIONS.—

24 (1) IN GENERAL.—Subpart II of part A of title  
25 XXVII of the Public Health Service Act (42 U.S.C.

1 300gg–11 et seq.) is amended by adding at the end  
2 the following new section:

3 **“SEC. 2730. TRANSPARENCY OF INFORMATION.**

4 “(a) IN GENERAL.—A health insurance issuer offer-  
5 ing group or individual health insurance coverage shall,  
6 in the case such issuer denies a claim for an item or serv-  
7 ice furnished to an individual on the basis that such item  
8 or service was not medically necessary, provide to such in-  
9 dividual a notice containing—

10 “(1) the issuer’s medical necessity standards  
11 for such item or service; and

12 “(2) an explanation of why such item or service  
13 so furnished failed to meet such standards.

14 “(b) BASE CLAIMS DENIAL RATE.—A health insur-  
15 ance issuer offering group or individual health insurance  
16 coverage shall for each plan year submit to the Secretary  
17 the percentage of claims that were denied under such cov-  
18 erage for any reason.”.

19 (2) EFFECTIVE DATE.—The amendment made  
20 by this subsection shall apply with respect to plan  
21 years beginning on or after January 1, 2027.

○