

Internal Medicine Coding Alert

Collections: Learn Your State's Prompt Pay Laws -- Overcome Regular Payer Headaches

Medicare contractors must pay clean claims within 30 days, but private payers vary.

It's a familiar story for some medical practices: You submit a clean claim but still haven't collected three months later. Do you have any recourse? Yes, thanks to the prompt pay laws that each state must follow when paying your medical claims.

Verify Which Laws Apply to Your Practice

Each state requires private insurers to pay all clean claims within a certain time frame. If the insurer does not pay the claim in a timely manner, then the payer is subject to paying interest on the charges owed to the practice (or directly to the beneficiary). Most time frames range from 15 to 45 working days, with 30 days about the average.

"If you are a little adventurous, you could search for your state law on the Internet," says **Joseph Lamm**, office manager with Stark County Surgeons, Inc. in Massillon, Ohio. Lamm warns, however, that "reading through state laws and their multiple exceptions, references to other sections of state law, and 'legalese' can make this a very frustrating exercise."

Better option: "Take advantage of your local or state medical society and the experts they employ to see if your state has a prompt pay law, and to which insurance companies it applies," Lamm suggests. "The medical societies are on your side and will give you the correct information."

Caveat: State prompt pay laws do not apply to federal insurers, because the Federal Government dictates that clean claims must be paid in 30 days for Medicare Part B.

"If a state wants a prompt pay rule that's longer or shorter, they certainly can do that with reference to other payer services," says **Connie A. Raffa, Esq.**, partner with Arent Fox, LLP in New York, NY. "But Medicare rules are federal and span across the country."

Hold Your Payers Accountable

If your private payer consistently lags on paying claims and fails to meet prompt pay law requirements, you could be due interest. In Illinois, for example, insurers must pay interest at the rate of 9 percent per year, according to the Illinois state Web site. New York pays interest at either 12 percent per year or the state's corporate tax rate, whichever is greater.

Good practice: You can fight back against insurance companies that are continually to process your claims with these three steps:

1. Prove your own timely filing. Send a printed copy of your electronic proof of timely filing. Most billing software programs can print out an electronic confirmation from the carrier saying it received the claim, including the date of receipt. This is an excellent form of proof that the payer received your claim and when.
2. Compose and send a letter stating the payer is violating prompt payment laws. Consider threatening legal action if you don't receive payment.
3. Contact your state's insurance department. If a payer is consistently slow in paying your claims, take the problem to an authoritative body.

Final tip: Most states employ consumer hotline numbers so you can contact the insurance department directly if you



want to dispute whether your claim was paid on time. You should contact your state medical association or insurance department if you feel your claim was not paid in a timely manner.