

Optometry Coding & Billing Alert

Overcome Delinquent Payer Headaches By Knowing Your State's Prompt Pay Laws

Remember: Medicare requires contractors to pay your clean claims within 30 days, but private payers differ by state.

You've submitted a claim that you know is clean, you've waited three months, and you still haven't collected. Do you have any recourse? Yes, thanks to the prompt pay laws that each state must follow when paying your medical claims.

Determine Which Prompt Pay 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).

Although each state publishes its own individual law, most range from 15 to 45 working days, with 30 days about the average.

How to find yours: "If you are a little adventurous, you could search for your state law on the Internet, although you should be warned 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," says **Joseph Lamm**, office manager with Stark County Surgeons, Inc., in Massillon, Ohio.

Better option: Take advantage of your local or state optometric 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 optometric 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, but Medicare rules are federal and span across the country," says **Connie A. Raffa, Esq.**, partner with Arent Fox, LLP, in New York, N.Y.

"Because Medicare is a federal program, the 30-day threshold applies to all Medicare claims," Raffa says. "But if the state of New York wants a 45-day prompt pay rule with reference to private insurance, which they have jurisdiction over, they can do that separately," she advises.

Take Rules Seriously -- Ensure Payers Do, Too

If you thought the prompt pay rules were simply fluid "guidelines," think again. Last month, the New York State Insurance Department fined 20 health insurers over \$700,000 for violating that state's law.

"The Prompt Pay Law has been extremely effective in ensuring that consumers and health care providers are paid in a timely fashion and it remains an excellent deterrent against entities slow to pay undisputed claims," said New York State Insurance Dept. Superintendent **James Wrynn** in an Aug. 24 statement.

Hold Your Payers Accountable

If your private payer consistently lags on paying claims and fails to meet prompt pay law requirements, in most cases, you are due interest. New York, for example, pays interest at the greater of 12 percent per year or the state's corporate

tax rate, according to information on the state's Web site. In Illinois, insurers must pay interest at the rate of 9 percent per year, the Illinois state Web site indicates.

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.

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.