ISSUE BRIEF

VI: Claims submission, processing, payment and remedies

I. What issues should a physician consider regarding claims filing and payment prior to signing a managed care agreement?

- Has the health insurer informed you about its clean claim elements and companion guides?
- Is there a claims filing deadline?
- Does the agreement specify any deadlines within which health insurer has to pay clean claims?
- What recourse will you have if the health insurer does not pay your clean claims timely? For example, if the health insurer fails to pay a clean claim within a specified deadline, will the health insurer have to pay you accrued interest on the delayed payments?

II. Claims processing inefficiencies/delinquent and incorrect payments

Claims processing hassles are a continuing problem for some physicians. Common hassles include:

- A health insurer's rejecting a claim as not clean but failing to give you an exception report specifically identifying why the claim is not clean
- A health insurer's making repeated requests for information in order to process a clean claim
- A health insurer's denying a clean claim without providing the practice with a remittance advice clearly identifying the denial's basis

These and other types of claims processing inefficiencies can significantly increase a practice's administrative costs and may discourage you from continuing to pursue claims payment.

III. State and federal prompt pay laws and Advocacy Resource Center model legislation

All fifty states and the District of Columbia have enacted prompt payment laws that regulate some aspect of health insurers' claims processing and payment activities. Some regulatory trends can be identified. States often place restrictions on: how long an insurer can "pend" a claim; multiple requests for information, e.g., medical records; time periods within which a health insurer must pay or deny claims once it receives the requested information; prompt claim acknowledgement or exception reports letting the physician know why a claim is not "clean," etc. All states impose penalties on health insurers for failing to comply with state timely claim processing requirements, and, in many cases, allow a physician to sue for violations. Federal Medicare Advantage requirements also specify prompt pay deadlines and impose interest penalties for violations.

The Managed Care Contract Legal Database (Database) organizes state claims processing laws under

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the categories "Claims Filing Deadlines" and "Prompt Payment Deadlines." The Database identifies Medicare Advantage prompt pay requirements under the category "Prompt Payment Deadlines-Med. Adv." The Advocacy Resource Center (ARC) has also developed model prompt payment legislation entitled "An Act Concerning Timely Reimbursement of Health Insurance Claims," which is in the database under the general category "ARC Advocacy Resources," under the category "Prompt Payment Deadlines."

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