
Medicare

Carriers Manual

Part 2 - Program Administration

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

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CHANGE REQUEST 1123

<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
5240 (Cont.)	2-328.1 - 2-328.2 (2 pp.)	2-328.1 - 2-328.2 (2 pp.)

NEW/REVISED MATERIAL-- *EFFECTIVE DATE: July 1, 2000*
IMPLEMENTATION DATE: July 1, 2000

Section 5240, Function Standards for Claims Processing Claims Operations, is updated to inform you that the prompt payment interest rate is located at the Treasury Department's new web address--www.publicdebt.treas.gov/opd/opdprmt2.htm.

These instructions should be implemented within your current operating budget.

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never printed on paper. Rather, the fax is encoded while still in electronic form (generally by an optical code reader [OCR]), and electronically entered into the claims processing system, eliminating manual data entry. If your Regional Office instructed you to apply the paper claims payment threshold for fax-imaged claims as of January 1, 1996, continue doing so. Beginning October 1, 1998, apply the paper claims payment threshold for touch-tone phone, magnetic disk claims, and fax-imaged claims if you have not already discontinued them. Publicize this in your next three scheduled provider bulletins, and make sure that all billers using these modes understand the payment timing impact. (See Part 3, §3023 for alternatives.)

- o A "paper claim" is one that is submitted on paper, including those read electronically with OCR technology.

To calculate the processing time for a claim, subtract the Julian receipt date from the Julian date of scheduled payment. When a scheduled payment date falls in the year following the year of receipt, add to the Julian date of scheduled payment 365 (366 if the year of receipt is a leap year). If this span is equal to the applicable standard or less, the requirement is met.

Where systems automatically generate subsequent claims for DME, establish a date consistent with your system processing requirements as the receipt date for the second and succeeding bills. Use the date as close to your payment as possible.

D. Payment Floor Standards.--Do not issue, mail, or otherwise pay within the waiting period indicated below for any claims you receive. The applicable waiting period is determined by the date the claim is received. Payment floors were initially implemented April 1, 1987. Start your count on the day after the claim is received.

<u>Claim Receipt Date</u>	<u>Waiting Period (Calendar Days)</u>
01-01-93 through 09-30-93	14 for EMC & 26 for paper claims
10-01-93 and late	13 for EMC & 26 for paper claims

Do not hold claims upon receipt. Process them immediately, and, when necessary, delay payment to meet these requirements. For example, payment on an approved electronic claim received September 1, 1993, cannot be made before September 16, 1993. Payment on an approved paper claim received September 1, 1993, cannot be made before September 28, 1993. Payment on an approved electronic claim received October 1, 1993, cannot be made before October 15, 1993. Establish an appropriate procedure to prevent paying claims before the end of the applicable waiting period.

Regardless of when the check is dated, report claims on pages 2-9 of the Carrier Workload Report (HCFA-1565) as of the date payment is actually mailed or transmitted according to its processing time as determined from the date of receipt.

You may immediately release no-pay claims determinations (e.g., denials or claims where the entire payment is applied to the deductible). The payment floor does not apply when no payment is made.

- 11.2 For processing time and workload purposes, count claims as received and pending as required in functional standard 11.1. Consider improperly completed claims that you return to physicians or suppliers as received for processing time purposes when resubmitted. (See Part 3, §13301 for counting of claims on the workload report.)

- 11.3 Count claims as paid as of the date the check/EOMB you issue is mailed, deposited in a provider's account, or electronically transferred. Adjust the scheduling of work so that checks and notices for claims are placed with the U.S. Postal Service according to standard 11.1. Have your mailroom log the run date and mail date for checks/EOMBs to assure accuracy of days elapsing between the date a claim is received and the date of payment mailing. Where interest is applicable, show the:
- o Receipt date;
 - o HICN;
 - o Name of the individual or organization paid;
 - o Service dates;
 - o Amount due before interest was calculated; and
 - o Amount of interest paid.
- 11.4 Apply these standards to beneficiary, physician, and supplier submitted claims. These standards apply to claims whether assigned or unassigned. (See §5261 for performance criteria.)
- 11.5 Determine whether each claim is "clean" or "other" based on an indicator in your files.
- 11.6 Provide monthly reports required in Part 3, §13300.
- 11.7 Develop processes to determine and pay interest on clean claims received on or after April 1, 1987, and not paid within the interest ceilings.

Determine the interest amount by the rate in effect on your scheduled payment date. The interest period begins on the day following the end of the waiting period in standard 11.1 and ends on the date payment is made. Interest rates are established by the Treasury Department and are effective for January - June and July -December. Effective January 1, 2000, consult the Treasury Department web page--www.publicdebt.treas.gov/opd/opdprm2.htm semi annually for the new rate.

To determine the amount of interest due:

- o Multiply the payment amount times the interest rate;
- o Divide the product by 365 (366 in a leap year. See 11.1c.) to determine the daily interest rate; and
- o Multiply the dividend by the number of days for which interest is due.

<u>EXAMPLES</u>	<u>Clean Paper Claim</u>	<u>Clean Electronic Claim</u>
Date Received	November 1, 1993	November 1, 1993
Payment Due	November 28, 1993	November 15, 1993
Payment Made	December 3, 1993	December 2, 1993
Interest Begins	December 2, 1993	December 2, 1993
Interest Ends	December 3, 1993	December 2, 1993
# Days Interest	2	1
Amount of Paymen	\$100	\$100
Annual Interest Rate	5.625%	5.625%