
Medicare

Intermediary Manual

Part 3 - Claims Process

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

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<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
3600.1 (Cont.)	6-12.1 - 6-12.2 (2 pp.)	6-12.1 - 6-12.2 (2 pp.)

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

Section 3600.1, Claims Processing Timeliness, is updated to inform you that the prompt payment interest rate is located at the Treasury Department's new web page address--www.publicdebt.treas.gov/opd/opdprmt2.htm.

These instructions should be implemented within your current operating budget.

DISCLAIMER: The revision date and transmittal number only apply to the redlined material. All other material was previously published in the manual and is only being reprinted.

- o Initial bill;
- o Scheduled payment date during the month;
- o Reimbursement amount greater than zero; and
- o Neither condition code 62 nor 64 applies.

If for April, May, and June you pay 95 percent of these bills in 30 days after the day of receipt, discontinue PIP for subsection (d) hospitals, beginning July 1, 1987 for bills with discharge dates of July 1, 1987 and later, for hospitals that do not meet the exceptions in subsection A5.

Subsection (d) hospitals are hospitals in the 50 States, D.C. and Puerto Rico other than:

- o Psychiatric hospitals;
- o Rehabilitation hospitals;
- o Whose inpatients are predominantly under 18 years old; and
- o Whose average inpatient length of stay exceeds 25 days.

Hospitals in Maryland and New Jersey are included, but PIP is continued to New Jersey hospitals.

Treat excluded units of subsection (d) hospitals in the same manner as the hospital.

If you did not pay 95 percent of your clean bills in 24 days, notify your hospitals sufficiently early in order to permit them to timely submit their request to continue PIP and to assure that their PIP payments continue uninterrupted.

Discontinue PIP beginning with the first month after you have met the claims processing timeliness standard described in subsection A for 3 consecutive months.

2. Determine Which DSHs and Small Rural Hospitals Will Continue on PIP.--Determine which hospitals will meet the DSH and rural hospital requirements to retain PIP. (See subsection A.5. for requirements.) Notify these hospitals sufficiently early in order to permit them to timely submit their request for continuation and to assure that their PIP payments continue uninterrupted.

3. Determine and Pay Interest.--You must pay interest on clean, non-PIP claims for which you do not make payment within the applicable number of calendar days (as described in subsection A.1.) beginning on the day after the receipt date. Select claims for interest based upon:

- o Processing time exceeds applicable number of days in subsection A (Julian scheduled payment date minus Julian receipt date equals more than applicable number of days in A1)
- o Neither condition code 62 nor 64 applies; and
- o Reimbursement amount is greater than zero.

Pay interest at the rate used for §3902(a) of title 31, U.S. Code (relating to interest penalties for failure to make prompt payments). The interest rate is determined by the rate applicable on your scheduled payment date.

This rate is determined by the Treasury Department on a 6 month basis, effective every January and July 1st. Effective January 1, 2000, you should consult the Treasury Department web page--www.publicdebt.treas.gov/opd/opdprmt2.htm semi annually for the new rate.

Calculate the interest using the following formula:

Reimbursement amount x rate x days divided by 365 (366 in a leap year) = interest payment.

The interest period begins on the day after payment is due and ends on the scheduled payment date.

EXAMPLE: Date received - July 1, 1990
Payment due - by July 25, 1990
Payment made - August 09, 1990
Interest begins - July 26, 1990
Interest ends - August 09, 1990
Days for which interest is due - 15 days
Amount of reimbursement = \$100
Applicable interest rate for this example = 9.0%

The formula is applied as follows:

$\$100 \times .09 \times 15$ divided by 365 = \$.369 or \$.37 when rounded to the nearest penny.

Use the UNIBILL reimbursement amount (locations 1707-1715) as the amount of principal. This is the payment after all deductions for deductible, coinsurance, and MSP. Round to the nearest penny. Report as value code 70 in UNIBILL the amount of interest you pay.

4. Reinstatement of PIP.--If you fail to pay 95 percent of all "clean" claims (for which PIP payments are not made) in the applicable number of days (as described in subsection A.1.) for each of 3 consecutive months, implement PIP for subsection (d) hospitals that qualify for PIP and request it. (See subsection B3 for instructions for selecting claims for this calculation.)