
Medicare Hospital Manual

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

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REFER TO CHANGE REQUEST 1123

<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
401 - 401 (Cont.)	4-19 - 4-20 (2 pp.)	4-19 - 4-20 (2 pp.)

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

Section 401. Claims Processing Timeliness, is updated to inform you that the prompt payment interest rate is now located at the Treasury Department's new web page address--www.publicdebt.treas.gov/opd/opdprmt2.htm.

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.

401. CLAIMS PROCESSING TIMELINESS

A. Claims Processing Timeliness Requirements--"Clean" claims must be paid or denied within the applicable number of days from their receipt date as follows:

<u>Time Period for Claims Received</u>	<u>Applicable Number of Days</u>
01-01-93 through 09-30-93	24 for EMC & 27 for paper claims
10-01-93 and later	30

See §401.C for the definition of a clean claim. All claims (i.e., paid claims, partial and complete denials, no payment bills) including PIP and EMCs are subject to the above requirements.

The count is started on the day after the receipt date and ends on the date payment is made. For example, for clean claims received October 1, 1993, and later, if this span is 30 days or less, the requirement is met.

B. Payment Floor Standards--Your intermediary does not pay, issue, mail, or otherwise pay for any claim it receives from you within the waiting period as indicated below. The length of the waiting period is determined by the date a claim is received. Your intermediary starts its count on the day after the day of receipt. For example, a paper claim received October 1, 1993, can be paid on or after October 28, 1993. An electronic claim received November 1, 1993 can be paid on or after November 15, 1993.

<u>Claims 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 later	13 for EMC & 26 for paper claims

NOTE: No-payment claims are not subject to the payment floor standards.

C. Interest Payment on Clean Non-PIP Claims Not Paid Timely--Interest must be paid on clean non-PIP claims if payment is not made within the applicable number of calendar days after the date of receipt as described in subsection A. For example, a clean claim received on October 1, 1993, must have been paid before the end of business on October 31, 1993. Interest is not paid on:

- o Claims requiring external investigation or development by your intermediary;
- o Claims on which no payment is due;
- o Full denials; or
- o Claims for which you are receiving PIP.

However, PIP on inpatient bills does not preclude interest payments on outpatient bills.

Interest is paid on a per bill basis at the time of payment.

Interest is paid 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 applicable rate on the day of payment.

This rate is determined by the Treasury Department on a 6 month basis, effective every January and July 1st. Effective January 1, 2000, you may access the Treasury Department web page--www.publicdebt.treas.gov/opd/opdprmt2.htm semi annually for the new rate. Your intermediary notifies you of any changes to this rate.

Interest is calculated using the following formula:

Payment 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 day of payment.

EXAMPLES:	<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
Days for Which Interest Due	2	1
Amount of Payment	\$100	\$100
Interest Rate	5.625%	5.625%

Use the following formula:

o For the clean paper claim--\$100 X .05625 X 2 divided by 365 = \$.0308 or \$.03 when rounded to the nearest penny.

o For the clean electronic claim--\$100 X .05625 X 1 divided by 365 = \$.0154 or \$.02 when rounded to the nearest penny.

When interest payments are applicable, your intermediary indicates for individual claims the amount of interest on their remittance record to you.

D. Definition of Clean Claim--A "clean" claim is one that does not require your intermediary to investigate or develop external to their Medicare operation on a prepayment basis.

Examples of clean claims are those that:

o Pass all edits (intermediary and Common Working File (CWF)) and are processed electronically;

o Do not require external development by your intermediary and are not approved for payment by CWF within 7 days of your intermediary's original claim submittal for reasons beyond your intermediary's or your control;