A Survey of State Prompt Pay Laws, Part I

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Many states have laws or regulations in place that require health insurers in the state to reimburse claims within a certain timeframe or face penalties, oftentimes in the form of interest applied to the amount of the claim. Such laws or regulations are typically called "Prompt Pay" laws or "Clean Claim." While each state or, sometimes, insurer, defines the requirements for a claim to be a "clean claim," generally, a "clean claim" is a claim that has all of the information an insurer needs to either pay or deny the claim. A "non-clean claim" is a claim that requires additional information or documentation to make it clean. Each state sets forth the timeframes in which insurers have to reimburse a clean claim. Absent certain exceptions (*e.g.*, instances of suspected fraudulent activity, contractual provisions setting forth alternative timeframes, etc.), failure to adhere to the timeframes results in penalties oftentimes in the form of interest applied to the amount of the claim and some states impose administrative penalties upon insurers that regularly fail to adjudicate claims in a timely fashion.

The purpose of this two-part survey is to outline and list the key elements of states' prompt pay laws as they pertain to anesthesiologists, focusing on the relevant timeframes in place for insurance companies as well as the potential penalties for failure to comply. Of course, every instance of reimbursement is unique and should be addressed based on its distinct facts and circumstances.

STATE	STATUTE OR REGULATION	APPLICATION	TIME PERIOD FOR PAYMENT OR DENIAL OF CLAIM	NOTICE PERIOD FOR NON-CLEAN CLAIMS	PENALTY
Alabama	Code of Ala. §27-1-17 Code of Ala. §27-21A-23	• Insurers • Health service corporations • Health benefit plans • HMOs	Upon receipt of a clean claim: • Written: 45 calendar days • Electronic: 30 calendar days Upon receipt of amended claims/ supplemental information: 21 calendar days	Upon receipt of a claim: • Written: 45 calendar days • Electronic: 30 calendar days	• 1.5 % per month, prorated daily • Willful violations could result in fines of up to $1000 per claim
Alaska	Alaska Stat. §21.36.495	• Insurance companies • Hospital or medical service corporations • Fraternal benefit societies • HMOs • Multiple employer welfare arrangements • Church plans • Certain governmental plans	Upon receipt of a clean claim: 30 days Upon receipt of amended claims/ supplemental information: 15 days	Upon receipt of a claim: 15 calendar days	15% annually, but is not required if the interest is $1 or less
Arizona	ARS §20-3102	• Disability insurers • Group disability insurers • Blanket disability insurers • Healthcare services organizations • Prepaid dental plan organizations • Hospital service corporations • Medical service corporations • Dental service corporations • Optometric service corporations • Hospital, medical dental and optometric service corporations	Upon receipt of a clean claim: • 30 days to adjudicate • 30 days to pay Upon receipt of amended claims/ supplemental information: 30 days to adjudicate and pay	Upon receipt of a claim: 30 days	10% per annum
	ARS §20-462	Enrollees who have paid providers directly for covered out-of-network services	Upon receipt of an acceptable proof of loss by the insurer containing all the information necessary for claim adjudication: 30 days	N/A	10% per annum

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Arkansas	ACA §20-66-215; 054 00 CARR 043 §12-13.	• HMOs • Hospital medical service corporation • Disability insurance companies • Self-insured governmental or church plan • Third party administrators that administer or adjust disability benefits for a disability insurer	Upon receipt of a clean claim: • Written: 45 days • Electronic: 30 days Upon receipt of amended claims/ supplemental information: 30 days	Upon receipt of a claim: 30 days	12% per annum
California	Cal. Ins. Code §10123.13	Every insurer issuing group or individual policies of health insurance covering hospital, medical or surgical expenses, including those of telemedicine services covered by the insurer	Upon receipt of a claim: 30 working days Upon receipt of additional information: 30 working days	Upon receipt of a claim: 30 working days	10% per annum
	Cal. Health & Saf Code §1371.35 28 CCR 1300.71	Health care service plans	Upon receipt of a complete claim, or portion thereof: • General: 30 working days • HMOs: 45 working days	Upon receipt of a complete claim: • General: 30 working days • HMOs: 45 working days	The greater of $15 per year or interest at a rate of 15% per annum
Colorado	CRS §10-16-106.5	• Any entity providing health coverage • Franchise insurance plan • Fraternal benefit society • HMO • Nonprofit hospital and health service corporation • Sickness and accident insurance company	Upon receipt of a clean claim: • Electronic: 30 calendar days • Submitted by any other means: 45 calendar days Claims requiring amendments/ supplemental information: 90 days from the date the claim was received by the insurer	Upon receipt of claim: 30 calendar days	Clean claims: 10% per annum Amended/supplemented claims: 20% of the total amount of the claim
Connecticut	Conn. Gen. Stat. §38a-477 Conn. Gen. Stat. §38a-815	• Insurers • Other entities responsible for providing payment to a healthcare provider pursuant to an insurance policy	Upon receipt of a claim that is not deficient: 45 days Upon receipt of the deficient information: 30 days from the date the information was received by the insurer	Upon receipt of claim: 30 days	15% per annum
Delaware	CDR 18-1300-1310	Any entity that provides health insurance in Delaware, includes: • Health insurance company • Health service corporation • HMO • Entity providing a plan of health insurance or health benefits • Third party administrator • Entity that adjust, administers or settles claims in connection with health benefit plans	Upon receipt of a clean claim: 30 days Upon receipt of additional information: 15 days	Upon receipt of claim: 30 days	The maximum rate allowable to lenders under Delaware law
	19 Del. C. §2322F	Employer or insurance carrier.	Upon receipt of a clean claim: 30 days	Non-preauthorized claims must be referred to the utilization review within 15 days	1% per month for non-preauthorized claims Violation of this law could result between a $1000-$5000 fine

STATE	STATUTE OR REGULATION	APPLICATION	TIME PERIOD FOR PAYMENT OR DENIAL OF CLAIM	NOTICE PERIOD FOR NON-CLEAN CLAIMS	PENALTY
District of Columbia	DC Code §31-3132	Any person that provides one or more health benefit plans or insurance in DC, including a/an: • Insurer • Hospital and medical services corporation • Fraternal benefits society • HMO • Multiple employer welfare arrangement • Any other person providing a plan of health insurance subject to the authority of the Insurance Commissioner	Upon receipt of a clean claim: 30 days Upon receipt of additional information: 30 days	Upon receipt of claim: 30 days	• Days 31-60 = 1.5% interest • Days 61-120 = 2% interest • Days beyond 120 = 2.5% interest
Florida	Fla. Stat. §627.613 Fla. Stat. §627.622	Out-of-State Providers and Policyholders Types of Insurance: • Hospital and medical expense incurred policy • Minimum premium plan • Stop-loss coverage • HMO • Prepaid health clinic contract • Multiple-employer welfare arrangement contract • Fraternal benefit society health benefits contract, whether sold as an individual or group policy or contract	Upon receipt of a claim: 45 days Upon receipt of additional information: 60 days All claims must be paid or denied within 120 days of receipt of the claim	Upon receipt of a claim: 45 days	10% per year
	Fla. Stat. §627.6131 Fla. Stat. §641.3155 Fla. Stat. §627.622	In State Providers and Policyholders Types of Insurance: • Hospital and medical expense incurred policy • Minimum premium plan • Stop-loss coverage • HMO • Prepaid health clinic contract • Multiple-employer welfare arrangement contract • Fraternal benefit society health benefits contract, whether sold as an individual or group policy or contract	Upon receipt of a claim: • Electronic: 20 days • Non-Electronic: 40 days Upon receipt of supplemental information • Electronic: 90 days • Non-Electronic: 120 days All claims must be paid or denied within 120 (electronic) or 140 (non-electronic) days of receipt of the claim	Upon receipt of a claim: • Electronic: 20 days • Non-Electronic: 40 days	12% per year

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Georgia	OCGA §33-25-59.14	• Accident and sickness insurer • Fraternal benefit society • Nonprofit hospital service corporation • Nonprofit medical service corporation • Healthcare corporation • HMO • Provider sponsored healthcare corporation • Any similar entity providing for the financial or delivery of health care services through a health benefit plan, the plan administrator of any health plan or the plan administrator of any health benefit plan	Upon receipt of a clean claim: • Electronic: 15 working days • Paper: 30 calendar days Upon receipt of additional information: • Electronic: 15 working days • Paper: 30 calendar days	• Electronic: 15 working days • Paper: 30 calendar days	12% per annum
Hawaii	HRS §431:13-108	• Accident and health or sickness insurance providers • Mutual benefit societies • Dental service corporations • HMOs	Upon receipt of a clean claim: • Electronic: 15 calendar days • Paper: 30 calendar days Upon receipt of additional information: • Electronic: 15 calendar days • Paper: 30 calendar days	Upon receipt of a claim: • Electronic: 7 calendar days • Paper: 15 calendar days	15% per annum
Idaho	Idaho Code §41-5602	• An insurer that sells hospital, medical, long-term care, or vision insurance policies or certificates • Managed care organizations • Third party administrators	If the claim is submitted within 30 days of the date of service: 30 days If the claim is submitted within 45 days of the date of service: 45 days If the provider or facility submits supplemental information within 30 days of receipt of the notice: 30 days	Upon receipt of a claim: • Electronic: 30 days • Paper: 45 days	12% per year
Illinois	215 ILCS 5/368a	• HMOs • Managed care plans • Healthcare plans • Preferred provider organizations • Third party administrators • Independent practice associations • Physician-hospital organizations	Periodic Payments: within 60 days after the healthcare professional or healthcare facility has been selected or the effective date of the selection, whichever is later, and according to the periodic monthly cycle thereafter Non-Periodic Payments: 30 days after receipt of written proof of loss	Upon receipt of a proof of loss: §30 days	9% per year
Indiana	Ind. Code Ann. §27-8-5.7-5	Insurance company that issues accident and sickness insurance policies, including a preferred provider plan, and an insurance administrator that collects or charges premiums and adjusts or settles claims	Upon receipt of, or establishing, a clean claim: • Electronic: 30 days • Paper: 45 days	Upon receipt of a clean claim: • Electronic: 30 days • Paper: 45 days	Statutory interest rate pursuant to *Ind. Code 12-15-21-3(7)(A)* (formulaic)

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Iowa	Iowa Code §507B.4A 191 IAC §15.32	• Insurers providing accident and sickness insurance • HMOs • Organized delivery systems • Any other entity providing health insurance or health benefits	Upon receipt of a clean claim or properly completed billing instrument: 30 days	N/A	10% per annum
Kansas	KSA §40-2441	• Any policy or contract insuring against loss resulting from sickness or bodily injury or death by accident, or both • Any hospital, dental or medical expense policy • Health, hospital, medical service corporation contract issued by a stock or mutual company or association • HMO or any other insurer • Third party administrator • Any other entity that pays claims pursuant to a policy of accident and sickness insurance	Upon receipt of a clean claim: 30 days Upon receipt of supplemental information: 15 days	N/A	1% per month
Kentucky	KRS §304.17A-702 806 KAR §17:310	• Any insurance company • HMO • Self-insurer or multiple employer welfare arrangement not exempt from state regulation by ERISA • Provider-sponsored integrated health delivery network • Self-insured employer-organized association, or nonprofit hospital, medical-surgical, dental, or health service corporation authorized to transact health insurance business in Kentucky	Upon receipt of a clean claim: 30 days Upon receipt of a clean claim involving organ transplant: 60 days	Upon receipt of a claim: • Electronic: 48 hours • Nonelectronic: 20 calendar days	• For claims 1-30 days overdue: 12% per annum • For claims 31-60 days overdue: 18% per annum • For claims over 60 days overdue: 21% per annum
Louisiana	La. R.S. §22:1831 *et seq.* LAC §37:XIII.6001 *et seq.*	Any entity that offers health insurance coverage through a policy, contract or certificate of insurance, including HMOs	Upon receipt of a clean claim: • Non-electronic, participating provider, claim submitted within 45 days of the date of service or date of discharge: 45 days • Non-electronic, participating provider, claim submitted more than 45 days of the date of service or date of discharge: 60 days • Non-electronic, non-participating provider: 45 days • Electronic: 25 days	Upon receipt of an electronic claim: 5 days	12% per annum

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Maine	45-A MRS §2436	Claims submitted under a policy or certificate of insurance delivered or issued for delivery in Maine	Upon receipt of an undisputed claim: 30 days Upon receipt of supplemental information in connection with a disputed claim: 30 days	Upon receipt of a claim: 30 days	1.5% per month
Maryland	Md. Ins. Code §15-1005	• Insurers • Nonprofit health service plans • HMOs	Upon receipt of a clean claim or any undisputed portion of a claim: 30 days Upon receipt of supplemental information in connection with a disputed claim: 30 days	Upon receipt of a claim: 30 days	• Days 31-60: 1.5% • Days 61-120: 2% • Days 121 and beyond: 2.5%
Massachusetts	ALM GL ch. 176G, §6	HMOs	Upon receipt of a claim: 45 days	Upon receipt of a claim: 45 days	1.5% per month, not to exceed 18% per year
Michigan	MCL §500.2006	• An insurer providing benefits under an expense-incurred hospital, medical, surgical, vision, or dental policy or certificate, including any policy or certificate that provides coverage for specific diseases or accidents only, or any hospital indemnity, Medicare supplement, long-term care, or 1-time limited duration policy or certificate, but not to payments made to an administrative services only or cost-plus arrangement. • A MEWA regulated under chapter 70 that provides hospital, medical, surgical, vision, dental, and sick care benefits. • A health maintenance organization licensed or issued a certificate of authority in this state. • A health care corporation for benefits provided under a certificate issued under the nonprofit health care corporation reform act, but not to payments made pursuant to an administrative services only or cost-plus arrangement.	Upon receipt of a clean claim: 45 days Upon receipt of supplemental information in connection with a defective claim: 45 days minus the number of days until the healthcare provider received notice of the claim's defects	Upon receipt of a claim: 45 days	12% per annum

STATE	STATUTE OR REGULATION	APPLICATION	TIME PERIOD FOR PAYMENT OR DENIAL OF CLAIM	NOTICE PERIOD FOR NON-CLEAN CLAIMS	PENALTY
Minnesota	Minn. Stat. §62Q.75	• HMOs • Community integrated service networks • Preferred provider organizations • Licensed insurance companies • Nonprofit health service corporations • Fraternal benefit plans • Any other entity that establishes, operates or maintains a health benefit plan or network of healthcare providers where the providers have entered into a contract with the entity to provide healthcare services	Upon receipt of a clean claim: 30 calendar days	N/A	1.5% per month
Mississippi	Miss. Code. Ann. §83-9-5	Accident and health insurers	Upon receipt of a clean claim: • Electronic: 25 days • Paper: 35 days Upon receipt of supplemental information: 20 days	Upon receipt of a clean claim: • Electronic: 25 days • Paper: 35 days	1.5% per month
Missouri	R.S. Mo. §376.383	• Any entity subject to the Missouri insurance laws • Self-insured plans allowed by federal law • Third party contractors	Upon receipt of a clean claim: 30 processing days Upon receipt of supplemental information pursuant to the first request: 10 processing days Upon receipt of supplemental information pursuant to the second request: 5 processing days	Upon receipt of a claim: 30 processing days Upon receipt of supplemental information pursuant to the first request: 10 processing days	1% interest per month 1% penalty per day

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