

A SURVEY OF STATE PROMPT PAY LAWS, PART II

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Part I of this survey (Alabama-Missouri) appeared in the Fall 2012 issue of the *Communiqué*. In Part II, we summarize the laws and regulations that require health plans to pay claims within a given period in the remaining states (Montana-Wyoming), as well as the penalties for violations.



STATE	STATUTE OR REGULATION	APPLICATION	TIME PERIOD FOR PAYMENT OR DENIAL OF CLAIM	NOTICE PERIOD FOR NON-CLEAN CLAIMS	PENALTY
Montana	Mont. Code Anno. §33-18-232	<ul style="list-style-type: none"> • Every person engaged as indemnitor, surety, or contractor in the business of entering into contracts of insurance • Health service corporations 	Upon receipt of a claim: 30 days Upon request for additional information: 60 days from receipt of proof of loss	Upon receipt of a claim: 30 days	10% annually
Nebraska	RRS Neb. §44-8004	An entity that contracts to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services, including: <ul style="list-style-type: none"> • Sickness and accident insurance companies • HMOs • Prepaid limited health service organizations • Prepaid dental service corporations • Participants in insurance arrangements • Any other entity providing a plan of health insurance, health benefits, or health care services 	Upon receipt of a clean claim: <ul style="list-style-type: none"> • Electronic: 30 days • Non-electronic: 45 days Upon receipt of supplemental information in connection with a non-clean claim: 30 days minus the number of days until the healthcare provider submitted the supplemental information	Upon receipt of a claim: 30 days	12% per annum

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Nevada	<p>Nev. Rev. Stat. Ann. §683A.0879</p> <p>NAC §686A.675</p> <p>Nev. Rev. Stat. Ann. §683A.0879</p> <p>Nev. Rev. Stat. Ann. §616C.136</p> <p>Nev. Rev. Stat. Ann. §584B.2505</p> <p>Nev. Rev. Stat. Ann. §689B.255</p> <p>Nev. Rev. Stat. Ann. §689C.485</p>	<ul style="list-style-type: none"> • Insurance Administrators: <ul style="list-style-type: none"> – A person who directly or indirectly underwrites or collects charges or premiums from or adjusts or settles claims of residents of Nevada or any other state from within Nevada in connection with workers' compensation insurance, life or health insurance coverage or annuities, including coverage or annuities provided by an employer for his or her employees; – A person that administers an internal service fund; a person that administers a trust; a person that administers a program of self-insurance for an employer; – A person that administers a program which is funded by an employer and which provides pensions, annuities, health benefits, death benefits or other similar benefits for his or her employees; or – A person that is an insurance company that is licensed to do business in Nevada or is acting as an insurer with respect to a policy lawfully issued and delivered in a state where the insurer is authorized to do business, if the insurance company performs any aforementioned act, for or on behalf of another insurer unless the insurers are affiliated and each insurer is licensed to do business in Nevada • HMOs • Non-profit corporations for hospital, medical and dental services • Group and blanket health insurance • Health insurance for small employers and individual health insurance 	<p>Upon receipt of a claim, the insurer has 30 days to approve or deny the claim and must pay the claim within 30 days of approving it</p> <p>Upon receipt of all supplemental information: 30 days</p>	<p>Upon receipt of a claim: 20 days</p>	<p>Interest equal to the prime rate at the largest bank in Nevada, as ascertained by the Commissioner of Financial Institutions, on January 1 or July 1, as the case may be, immediately preceding the date on which the payment was due, plus six percent</p>

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New Hampshire	RSA §415:6-h RSA §415:18-k RSA §420-A:17-d RSA §420-J:8-a N.H. Admin. Rules, Ins. 1001.02	<ul style="list-style-type: none"> Individual and group health or accident insurers Health service corporations Managed care corporations 	Upon receipt of a clean claim: <ul style="list-style-type: none"> Electronic: 15 days Non-electronic: 30 days Upon receipt of supplemental information in connection with a non-clean claim: 45 days	Upon receipt of a claim: <ul style="list-style-type: none"> Electronic: 15 days Non-electronic: 30 days 	1.5% interest per month plus, in some cases, attorneys' fees
	N.H. Admin. Rules, Ins. §3601.31	Long-term care insurers	Upon receipt of a clean claim: 30 business days Upon receipt of supplemental information: 30 days	Upon receipt of a claim: 30 days	1% per month after 45 business days
New Jersey	NJAC §11:22-1.5	Any insurers, health service corporations, medical service corporations, hospital service corporations, HMOs, dental service corporations and dental plan organizations that issue health benefit plans or dental plans in New Jersey; any organized delivery system; and any agent, employee or other representative of such entity that processes claims for such entity	Upon receipt of a clean claim: <ul style="list-style-type: none"> Electronic: 30 calendar days Non-electronic: 40 calendar days Upon receipt of supplemental: <ul style="list-style-type: none"> Electronic: 30 calendar days Non-electronic: 40 calendar days 	Upon receipt of a clean claim: <ul style="list-style-type: none"> Electronic: 30 calendar days Non-electronic: 40 calendar days 	10% per year
New Mexico	NM Stat. Ann. §59A-16-21.1	<ul style="list-style-type: none"> HMOs Provider service networks Third party payors and their agents 	Upon receipt of a clean claim: <ul style="list-style-type: none"> Electronic: 30 calendar days Non-electronic: 45 calendar days 	Upon receipt of a clean claim: <ul style="list-style-type: none"> Electronic: 30 calendar days Non-electronic: 45 calendar days 	1.5% per month
			Upon receipt of a clean claim: <ul style="list-style-type: none"> Electronic: 30 calendar days Non-electronic: 45 calendar days 	N/A	
	13.10.22.12 NMAC	Managed health care plans	Upon receipt of a clean claim: 45 days	N/A	1.5 times the rate established by the bulletin entered by the superintendent in January of each year
New York	NY Ins. §3224-a	Contracts for life, accident and health insurance; health and hospital service corporations; health benefit plans or HMOs	Upon receipt of a claim: <ul style="list-style-type: none"> Electronic: 30 calendar days Non-electronic: 45 calendar days Upon receipt of supplemental information: <ul style="list-style-type: none"> Electronic: 30 calendar days Non-electronic: 45 calendar days 	Upon receipt of a claim: 30 days	The greater of the rate equal to the rate set by the commissioner of taxation and finance for corporate taxes... or twelve percent per annum

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North Carolina	NC Gen. Stat. §58-3-225	Contracts for: <ul style="list-style-type: none"> • Accident and health insurance • Nonprofit hospital or medical service corporation • HMO • A plan provided by a multiple employer welfare arrangement • A plan provided by another benefit arrangement to the extent it is permitted by the Employee Retirement Income Security Act 	Upon receipt of a claim: 30 days Upon receipt of supplemental information: 30 days	Upon receipt of the claim: 30 days	18% per year
North Dakota	ND Cent. Code §26.1-36-37.1	Health insurers	Upon receipt of the claim: 15 business days Upon receipt of supplemental information: 15 business days	Upon receipt of the claim: 15 business days	N/A
Ohio	ORC Ann. §3901.381	<ul style="list-style-type: none"> • Insurance companies • Health insuring corporations • Labor organizations • Employers • Intermediary organizations not in a health delivery network contracting solely with self-insured employers • Administrators • Health delivery networks • Any other person obligated pursuant to a benefits contract to reimburse for covered health care services rendered to beneficiaries under contract 	Upon receipt of a claim: 30 days Upon receipt of a claim with material deficiencies: 45 days Upon receipt of supplemental information in connection with a defective claim: 45 days minus the number of days until the health-care provider received notice of the claim's defects	Upon receipt of a claim: 30 days	18% per year
Oklahoma	36 Okl. St. §1219	Any entity that provides an accident and health insurance policy in Oklahoma, including, but not limited to: <ul style="list-style-type: none"> • A licensed insurance company • A not-for-profit hospital service and medical indemnity corporation • An HMO • A fraternal benefit society • A multiple employer welfare arrangement • Any other entity subject to regulation by the Insurance Commissioner 	Upon receipt of a clean claim: 45 calendar days Upon receipt of supplemental information: 45 calendar days	Upon receipt of a claim: 30 calendar days.	10% interest per year
Oregon	ORS §743.911	Insurers	Upon receipt of a clean claim: 30 days Upon receipt of supplemental information: 30 days	Upon receipt of a claim: 30 days	12 % interest per year
	Or. Admin. R. 836-052-0770	Long-Term Care Insurers	Upon receipt of a clean claim: 30 business days Upon receipt of supplemental information: 30 days	Upon receipt of a claim: 30 days	1% interest per month

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Pennsylvania	40 P.S. §991.2166 31 Pa. Code §154.18	Licensed insurers and managed care plans Excludes automobile and workers' compensation insurance	Upon receipt of a clean claim: 45 days	N/A	10% per annum
Rhode Island	RI Gen. Laws §27-18-61 RI Gen. Laws §27-19-52 RI Gen. Laws §27-20-47 RI Gen. Laws §27-41-64 CRIR 02-031-007	<ul style="list-style-type: none"> All health insurers Health plans Dental plans Nonprofit hospital and medical service corporations Nonprofit dental service corporations HMOs Licensed third party administrators and contractors 	Upon receipt of a complete claim: <ul style="list-style-type: none"> Electronic: 30 calendar days Written: 40 calendar days Upon receipt of supplemental information: <ul style="list-style-type: none"> Electronic: 30 calendar days Written: 40 calendar days 	Upon receipt of a claim: 30 calendar days	12% per annum
South Carolina	SC Code Ann. §38-59-240	An insurance company, an HMO and any other entity providing health insurance coverage, which is licensed to engage in the business of insurance in South Carolina and that is subject to the State's insurance regulation	Upon receipt of a clean claim: <ul style="list-style-type: none"> Electronic: 20 calendar days Paper: 40 calendar days Upon receipt of a supplemental information: <ul style="list-style-type: none"> Electronic: 20 calendar days Paper: 40 calendar days 	Upon receipt of a claim: <ul style="list-style-type: none"> Electronic: 20 calendar days Paper: 40 calendar days 	8.75% per annum



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South Dakota	SD Codified Laws §58-12-20	<ul style="list-style-type: none"> Any commercial insurance company, employer-employee benefit plan, health maintenance organization, professional association, service benefit plan, public self-funded employer or pool, union, or fraternal group selling or otherwise offering individual or group health insurance coverage including self-insured and self-funded plans; Any profit or nonprofit prepaid plan offering either medical services of full or partial payment for services included in the department's medicaid [sic] plan; Any other entity offering health benefits for which a medicaid [sic] recipient may be eligible in addition to public medical assistance; Any managed care organization, third-party administrator, pharmacy benefits manager, or other entity which processes claims, administers services, or otherwise manages health benefits on behalf of any of the aforementioned insurers; or Any other party that is by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service including workers' compensation, automobile insurance, and liability insurance plans 	<p>Upon receipt of a clean claim:</p> <ul style="list-style-type: none"> Electronic: 30 calendar days Other: 45 calendar days <p>Upon receipt of a supplemental information: 30 calendar days</p>	<p>Upon receipt of a claim: 30 calendar days</p>	N/A
Tennessee	Tenn. Code Ann. §56-7-109	<ul style="list-style-type: none"> An entity subject to the insurance laws of Tennessee An entity subject to the jurisdiction of the Insurance Commissioner An entity that contracts or offers to contract to provide health insurance coverage, including, but not limited to, an insurance company, an HMO and a nonprofit hospital and medical service corporation 	<p>Upon receipt of a clean claim:</p> <ul style="list-style-type: none"> Electronic: 21 calendar days Paper: 30 calendar days <p>Upon receipt of a supplemental information:</p> <ul style="list-style-type: none"> Electronic: 21 calendar days Paper: 30 calendar days 	<p>Upon receipt of a claim:</p> <ul style="list-style-type: none"> Electronic: 21 calendar days Paper: 30 calendar days 	1% per month

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Texas	Tex. Ins. Code §542.051	<ul style="list-style-type: none"> Any insurer authorized to engage in business as an insurance company or to provide insurance in Texas 	<p>Upon receipt of a clean claim insurer must furnish notice of acceptance or rejection of a claim: 15 business days</p> <p>Claim must be paid within 5 business days of notice</p>	Upon receipt of a claim: 15 days	18% per year plus reasonable attorney's fees
	Tex. Ins. Code §843.336	<ul style="list-style-type: none"> HMOs or PPOs 	<p>Upon receipt of a clean claim:</p> <ul style="list-style-type: none"> Electronic: 30 days Paper: 45 days <p>Upon receipt of a supplemental information:</p> <ul style="list-style-type: none"> 15 days 	Upon receipt of a claim: 30 calendar days	<p>Texas provides for a graduated penalty for unpaid claims. For claims paid:</p> <ul style="list-style-type: none"> 1-45 days late, the penalty is the lesser of 50% of the difference between the billed charges and the contracted rate, or \$100,000 46-90 days late, the penalty is the lesser of 100% of the difference between the billed charges and the contracted rate, or \$200,000 91+ days late, the penalty is the lesser of 100% of the difference between the billed charges and the contracted rate, or \$200,000, plus 18% annual interest <p>Texas also provides for a graduated penalty when only a portion of the amount of the claim is paid and the balance is unpaid or paid late. For the balance of claims paid:</p> <ul style="list-style-type: none"> 1-45 days late, the penalty is the lesser of 50% of the underpaid amount, or \$100,000 46-90 days late, the penalty is the lesser of 100% of the underpaid amount, or \$200,000 91+ days late, the penalty is the lesser of 100% of the underpaid amount, or \$200,000, plus 18% annual interest

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Utah	Utah Code Ann. §31A-26-301.6 U.A.C. R590-192	<ul style="list-style-type: none"> Admitted or authorized insurer HMO Third party administrator 	Upon receipt of a clean claim: 30 days	Upon receipt of a claim: 30 days	<p>For first 90 days claim payment or a provider response to request for information is late, fee shall be determined by multiplying the following together:</p> <ul style="list-style-type: none"> Total amount of claim Total number of days late 0.1% For payments/responses more than 91 days late, adding the late fee set forth above, plus the following multiplied together: Total amount of claim Total number of days late beyond 90 day period Legal rate of interest
Vermont	18 V.S.A. §9418	<ul style="list-style-type: none"> Health insurers, disability insurers, health maintenance organizations, medical or hospital service corporations, and administrators of an insured or self-insured health plan. Any person or entity that assumes the financial risk for the payment of claims under a health care contract or the reimbursement for health care services rendered to an insured by a participating provider, except the department of Vermont health access or reinsurers that neither pay claims directly nor act as contracting entities Any entity that contracts with a health care provider for delivery of health care services or selling, leasing, renting, assigning, or granting of access to a contract or terms of a contract 	<p>Upon receipt of a clean claim: 30 days</p> <p>Upon receipt of supplemental information: 30 days</p>	Upon receipt of a claim: 30 days	12% per annum
Virginia	Va. Code Ann. §38.2-3407.15	<ul style="list-style-type: none"> Any person required to be licensed to offer or operate a managed care health insurance plan or provides for the provision of health care services, health plans, networks or provider panels which are subject to regulation as the business of insurance 	<p>Upon receipt of a clean claim: 40 days</p> <p>Upon receipt of supplemental information: 40 days</p>	Upon receipt of a claim: 30 days	Legal rate of interest

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STATE	STATUTE OR REGULATION	APPLICATION	TIME PERIOD FOR PAYMENT OR DENIAL OF CLAIM	NOTICE PERIOD FOR NON-CLEAN CLAIMS	PENALTY
Washington	WAC §284-43-321	<ul style="list-style-type: none"> Health carriers 	<p>Claims must be paid as soon as practical, but subject to the following minimum standards:</p> <ul style="list-style-type: none"> 95% of monthly volume of clean claims paid within 30 days 95% of monthly volume of all claims paid or denied within 60 days 	N/A	1% per month beginning on 62nd day
West Virginia	W. Va. Code §33-45-2	<ul style="list-style-type: none"> Any person required to be licensed as an insurer which offers or administers as a third party administrator health insurance, operates a health plan, or provides or arranges for the provision of health care services through networks or provider panels. Does not include credit accident and sickness insurance, accident and sickness policies providing benefits for loss of income due to disability, any policy of workers' compensation insurance, hospital indemnity or other fixed indemnity insurance, or life, property and casualty insurance. 	<p>Upon receipt of clean claim:</p> <ul style="list-style-type: none"> Manual: 40 days Electronic: 30 days <p>Upon receipt of supplemental information: 30 days</p>	Upon receipt of a claim: 30 days after receipt of claim	10% per annum after 40 day period
Wisconsin	Wis. Stat. §628.46	<ul style="list-style-type: none"> Person or association of persons doing an insurance business as a principal. Includes fraternal, issuers of gift annuities, cooperative associations, and risk retention groups. Also includes any person purporting or intending to do an insurance business as a principal on his or her own account. 	Upon receipt of a claim: 30 days	N/A	12% per year
Wyoming	Wyo. Stat. §26-15-124	Claims for benefits under health insurance policy	Upon receipt of a claim: 45 days	N/A	May include attorney fees and interest at 10% per year



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