

## Prompt Pay Penalties

State and federal laws often provide provisions for penalties and/or interest to be paid to providers when claims are not paid timely according to established payment deadlines. When claims are not paid timely, be sure to always press the payer to pay the applicable penalties. Consult our [Prompt Pay Penalty Guide](#) for the penalties and regulations for all payer types. Review our [Where to File Complaints](#) guide and our [Billing and Payers](#) page under the “Payers” section to determine where to file appeals and complaints with payers who violate prompt pay regulations. For assistance with unpaid claims and other issues contact April Bellard in our [Payment Advocacy Program](#) at 713-524-4267.

**Commercial Plans** (for an explanation of fully vs. self-insured, see our [ERISA](#) page):

- **Fully-Insured Commercial** ([TDI regulation](#))

SB 418, also known as Texas Prompt Pay, regulates penalties paid to physicians for claims paid late, improperly paid, or improperly denied. Plans that are regulated by this law will have "TDI" or "DOI" printed on the front or back of the member's insurance card. The Texas Department of Insurance (TDI) [provider website](#) has [tips](#) and [FAQ's](#) on prompt pay laws and [online access](#) for providers and consumers to file complaints against payers who violate provisions of SB 418. Consult our [Prompt Pay Penalty Guide](#) and [Underpayment Penalty Calculator](#) for more information.

  - Entire claim unpaid
    - 1-45 days late: the lesser of 50% of the difference between the contracted rate and the provider's billed charges or \$100,000.
    - 46-90 days late: the lesser of full billed charges or \$200,000.
    - 91+ days late: the lesser of full billed charges or \$200,000, plus interest paid to TDI.
  - Partially paid claims
    - 1-45 days late: the lesser of 50% of the underpaid amount\* or \$100,000.
    - 46-90 days late: the lesser of 100% of the underpaid amount\* or \$200,000.
    - 91+ days late: the lesser of 100% of the underpaid amount\* or \$200,000, plus 18% annual interest.
    - **\*Underpaid Amount** = (unpaid contracted rate /full contracted rate) x (billed charges – contracted rate)
- **Self-Insured Commercial** (ERISA)
  - These plans do not fall under state prompt pay laws ([regulation](#)). Consult our [ERISA](#) page for guidance on appeal and complaint procedures.

**Medicare Advantage Plans (MAP) ([regulation](#), [policy](#))**

- Non-Contracted Providers – 30 day payment deadline; Interest accrues beginning on the first day the claim is late through the date the claim is paid. The interest rate is determined by the [Treasury Department](#). Interest payment = (payment amount x rate) x (days late/365)
- Contracted Providers – MAPs are required to have prompt pay provisions in their contracts with providers. Refer to your contract for terms.

**Medicare ([policy](#))**

- 30 day payment deadline; Interest accrues on the amount owed by Medicare beginning on the first day the claim is late through the date the claim is paid. The interest rate is determined by the [Treasury Department](#). interest payment = (payment amount x rate) x (days late/365)

**Medicaid Managed Care Plans ([policy](#))**

- 30 day payment deadline; 18% interest accrues on the amount owed by the plan beginning on the first day the claim is late through the date the claim is paid.

**Medicaid** – no penalties exist that are payable to physicians.

