## Prompt Pay Penalty Guide

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| **Commercial fully-insured non-Institutional; entire claim unpaid** | 1 to 45 days late | lesser of: 
(1) 50% of the difference between billed charges and the contracted rate 
or 
(2) $100,000 | none | TAC Code |
| | 46 to 90 days late | lesser of: 
(1) 100% of the difference between billed charges and the contracted rate 
or 
(2) $200,000. | none |  |
| | ≥ 91 days late | lesser of: 
(1) 100% of the difference between billed charges and the contracted rate 
or 
(2) $200,000. | 18% annual interest paid to TDI |  |
| **Commercial fully-insured non-Institutional; partial claim unpaid** | 1 to 45 days late | lesser of: 
(1) 50% of (unpaid contracted rate /full contracted rate) x (billed charges – contracted rate) 
or 
(2) $100,000 | none |  |
| | 46 to 90 days late | lesser of: 
(1) 100% of (unpaid contracted rate /full contracted rate) x (billed charges – contracted rate) 
or 
(2) $200,000 | none |  |
| | ≥ 91 days late | lesser of: 
(1) 100% of (unpaid contracted rate /full contracted rate) x (billed charges – contracted rate) 
or 
(2) $200,000. | 18% annual interest on the underpaid amount paid to provider; accrues beginning on the first late day through the date claim and penalty are paid in full. |  |
| **Commercial self-insured** | see contract terms | These plans do not fall under state prompt pay laws. Consult our ERISA page for guidance on remedies, appeals, and complaint procedures. | | ERISA |
| **Medicare Advantage Plans** | see contract terms | Contracted Providers: Payers are required to have prompt pay provisions in their contracts with providers. Refer to your contract for terms. | | Medicare Managed Care Manual |
| | 31 + days late | Non-Contracted Providers: 30 day payment deadline (https://go.cms.gov/2GBgoVt); 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 (https://bit.ly/2RYRmVv). Interest payment = (payment amount x rate) x (days late/365) | | Medicare Managed Care Manual |
| **Medicare** | 31 + days late | 30 day payment deadline; annual interest accrues on the amount owed 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 (https://bit.ly/2RYRmVv). Interest payment = (payment amount x rate) x (days late/365) | | Medicare Claims Processing Manual |
| **Medicaid Managed Care Plans** | 31 + days late | 30 day payment deadline; 18% annual interest accrues on the amount owed beginning on the first day the claim is late through the date the claim is paid. Interest payment = (payment amount x 18%) x (days late/365) | | Medicaid Uniform Managed Care Manual |
| **Traditional Medicaid** | na | No late payment penalties are paid to providers | na |  |

**Links:**
- Where to file complaints fact sheet: [https://www.hcms.org/TMAIMIS/HARRIS/assets/PRACtICE_REsources/Tools-Resources/WhereToFileComplaints.pdf](https://www.hcms.org/TMAIMIS/HARRIS/assets/PRACtICE_REsources/Tools-Resources/WhereToFileComplaints.pdf)
- ERISA information: [https://www.hcms.org/tmaimis/HARRIS/Practice_Resources/Practice_Management/ERISA.aspx](https://www.hcms.org/tmaimis/HARRIS/Practice_Resources/Practice_Management/ERISA.aspx)

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