

Prompt Pay Penalty Guide

PAYER	DAYS LATE	PENALTY	INTEREST	REGULATION
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	
	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	TAC Code
	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/2RYrMvM). Interest payment = (payment amount x rate) x (days late/365)		
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/2RYrMvM). 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

ERISA information:

https://www.hcms.org/tmainis/HARRIS/Practice_Resources/Practice_Management/ERISA.aspx

Underpayment Penalty Calculator:

<https://bit.ly/33S0FZK>

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