

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1771	Date: July 17, 2009
	Change Request 6542

SUBJECT: Interest Payment on Clean Non-PIP Claims Not Paid Timely

I. SUMMARY OF CHANGES: This revision updates the manual to replace the URL currently in the manual section for accessing the U.S. Treasury Department Prompt Payment interest rates. It also clarifies language regarding notification to providers of interest rate changes.

New / Revised Material

Effective Date: August 17, 2009

Implementation Date: August 17, 2009

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	1/80.2.2/Interest Payment on Clean Non-PIP Claims Not Paid Timely

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 1771	Date: July 17, 2009	Change Request: 6542
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SUBJECT: Interest Payment on Clean Non-PIP Claims Not Paid Timely

Effective Date: August 17, 2009

Implementation Date: August 17, 2009

I. GENERAL INFORMATION

A. Background: This CR revises Pub. 100-04, Chapter 1, section 80.2.2 “Interest Payment on Clean Non-PIP Claims Not Paid Timely” to replace the internet web URL with the latest URL for accessing the Department of Treasury website for current and past Prompt Payment Act interest rates payable when clean non-PIP Medicare claims are not paid in a timely manner by Medicare contractors. The CR also clarifies the section’s language regarding notifying providers of changes in the Prompt Payment Act interest rate. Finally, the dates have been updated in the illustrative example for the calculation of the payable interest to give more recent dates. The interest rate shown is unchanged and correct for the new dates shown.

B. Policy: N/A

II. BUSINESS REQUIREMENTS TABLE

Use “*Shall*” to denote a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)								
		A / B M A C	D M M A C	F I	C A R R I E R	R H I	Shared-System Maintainers			
						F I S S	M C S	V M S	C W F	
6542.1	Medicare contractors shall recognize the new URL http://fms.treas.gov/prompt/rates.html used for access to the U.S. Treasury Department web page for Prompt Payment interest rates shown in Pub.100-04, Chapter 1, section 80.2.2.	X	X	X	X					
6542.2	Medicare contractors shall include notification to providers of changes in the Prompt Payment interest rate in their routine educational material(s) and/or Web site(s) for providers.	X	X	X	X					
6542.2.1	Medicare contractors shall update any of their existing publication(s) that contain the previous URL to show the new URL the next time the publication(s) is revised.	X	X	X	X					
6542.2.2	Medicare contractors shall update any of their existing Web site(s) that contain the previous URL to show the new URL within 30 days after release of this CR.	X	X	X	X					
6542.3	Medicare contractors shall update any of their existing publication(s) that contain the illustrative example shown in Pub.100-04, Chapter 1, section 80.2.2 for the calculation of the payable interest to show the revised	X	X	X	X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	dates the next time the publication(s) is revised.										
6542.4	Medicare contractors shall update any of their existing Web site(s) that contain the illustrative example shown in Pub.100-04, Chapter 1, section 80.2.2 for the calculation of the payable interest to show the revised dates within 30 days after release of this CR.	X	X	X	X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	None.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Practitioner Claims Processing: Thomas Dorsey, thomas.dorsey@cms.hhs.gov, Institutional Claims Processing: joseph.bryson@cms.hhs.gov, Supplier Claims Processing: susan.webster@cms.hhs.gov

Post-Implementation Contact(s): Appropriate Regional Office

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs)*, *Regional Home Health Intermediaries (RHHIs)*, and/or *Carriers*:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: For *Medicare Administrative Contractors (MACs)*:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

80.2.2 - Interest Payment on Clean Non-PIP Claims Not Paid Timely

(Rev. 1771, Issued: 07-17-09, Effective: 08-17-09, Implementation: 08-17-09)

Interest must be paid on clean claims if payment is not made within the applicable number of calendar days (i.e., 30 days) after the date of receipt as described above. The applicable number of days is also known as the payment ceiling. For example, a clean claim received on *March 1, 2009*, must have been paid before the end of business on *March 31, 2009*. Interest is not paid on:

- Claims requiring external investigation or development by the provider's FI or carrier;
- Claims on which no payment is due;
- Full denials;
- Claims for which the provider is receiving PIP; or
- HH PPS RAPs

Interest is paid at the rate used for §3902(a) of title 31, U.S. Code (relating to interest penalties for failure to make prompt payments). The interest rate is determined by the applicable rate on the day of payment.

This rate is determined by the Treasury Department on a 6-month basis, effective every January and July 1. Providers may access the Treasury Department Web page <http://fms.treas.gov/prompt/rates.html> for the correct rate. *Medicare contractors shall include notification to providers of any change to the Treasury Department interest rate in their routine educational materials and/or website for providers.*

Interest is calculated using the following formula:

Payment amount x rate x days divided by 365 (366 in a leap year) = interest payment

The interest period begins on the day after payment is due and ends on the day of payment.

NOTE: The example below is for one 6-month period in which the interest rate was 5.625 percent.

Milestones	Clean Paper Claim (in calendar days)	Clean Electronic Claim (in calendar days)
Date Received	<i>March 1, 2009</i>	<i>March 1, 2009</i>
Payment Due	<i>March 31, 2009</i>	<i>March 31, 2009</i>
Payment Made	<i>April 3, 2009</i>	<i>April 3, 2009</i>
Interest Begins	<i>April 1, 2009</i>	<i>April 1, 2009</i>
Days for Which Interest is Due	3	3
Amount of Payment	\$100	\$100
Interest Rate	5.625%	5.625%

See section 80.2.1.1 for the definition of EMC and paper claims.

The following formula is used:

For the clean paper claim - $\$100 \times .05625 \times 3$ divided by 365 = \$.0462 or \$.05 when rounded to the nearest penny.

For the clean electronic claim - $\$100 \times .05625 \times 3$ divided by 365 = \$.0462 or \$.05 when rounded to the nearest penny.

When interest payments are applicable, the *Medicare contractor* reports the amount of interest on each claim on the remittance record to the provider.

PIP/Non-PIP:

Under the periodic interim payment ("PIP") mechanism, a provider receives flat biweekly payments to approximate the average costs of covered inpatient services during a 2-week period. Non-PIP claims are claims made by a provider not under the periodic interim payment mechanism. PIP on inpatient bills does not preclude interest payments on outpatient bills. Interest is paid on a per bill basis at the time of payment.