

Unit 10 Act 68 “Clean Claim” and “Prompt Payment” Processes

Overview

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Unit 10 “Clean Claims”

Act 68 of 1998 Pennsylvania’s Act 68 of 1998, also known as the “Patient’s Bill of Rights,” was signed into law in June of 1998 and became effective January 1, 1999.

“Clean claims” The Prompt Payment provision of Act 68 stipulates that health insurers pay “clean claims” within 45 days of receipt. A clean claim is defined as “a claim for payment for a health care service which has no defect or impropriety. A defect or impropriety shall include lack of required substantiating documentation or a particular circumstance requiring special treatment which prevents timely payment from being made on the claim. The term shall not include a claim from a health care provider who is under investigation for fraud or abuse regarding that claim.”

“Unclean claims” “Unclean claims” are those which require investigation outside of Highmark Blue Shield’s own internal files and resources, to verify or find missing core data. For example, in order to adjudicate a claim properly, Highmark Blue Shield may need to request medical records from the provider of service. In another instance, Highmark Blue Shield may need to know whether another health insurance carrier has full or partial responsibility for the claim’s charges. Highmark Blue Shield may need to send the member a form requesting the information. If other insurance exists, there may also be a need to obtain a copy of the Explanation of Benefits from the other carrier. A claim requiring this type of research outside of Highmark Blue Shield’s own internal files is considered unclean. Obtaining the missing information or documentation can delay the processing and reimbursement of an unclean claim.

Required data elements for clean claims A description of the data elements necessary to ensure that your facility’s claim is without “defect or impropriety” can be found in the *UB Manual*. This manual is available on-line at www.nubc.org.

Unit 10 Act 68 “Prompt Payment” Penalty Process

Pennsylvania Act 68 of 1998

Under the Prompt Payment Provision of Act 68, the State Legislature of Pennsylvania mandates that interest penalties are to be paid to providers for claim payments issued more than 45 days from the receipt of the claim. This legislative act applies to claims with dates of service on or after January 1, 1999.

Claim types excluded from penalty requirement

The following types of claims are excluded from the interest penalty requirement:

- Rejected (zero-paid) claims
 - Voided claims
 - Adjusted claims
 - Administrative Services Only (ASO Accounts)
 - Federal Employee Program claims
 - BlueCard ITS home claims
 - Claims with Provider Submission errors
 - Claims for which the interest payment is calculated to be less than \$2.00
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Interest penalty calculation

Interest penalty payments are calculated on the basis of 10% per annum interest and the number of penalty days. **Penalty days** are the number of days beyond the 45-day parameter, which were required for the processing of the claim.

Formula for calculating Act 68 interest penalty payments

The formula for calculating Act 68 interest penalty payments is as follows:

$$\left[\frac{\text{Annual interest \%}}{\text{Payment days in a year}} \times \text{Amount paid on the claim} \right] \times \text{Penalty days}$$

OR

$$[(.10/365) \times \text{Amount paid on the claim}] \times \text{Penalty Days}$$

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Unit 10 Act 68 “Prompt Payment” Penalty Process, Continued

Prompt Payment Penalty Interest Highmark will include the calculation and payment of interest within the RENO remittance advice program. Interest payments will appear on the remittance line for each claim to which they apply and will be totaled for each segment of the remittance (e.g., Regular Utilization).

The field Interest Calc on the RENO Claim Detail page displays any prompt payment penalty interest which may apply to a particular claim. This same information is available via 835 Electronic Remittance.
