



# Health Insurance Bulletin

## Number 2006-3

### Prompt Processing Regulation

The Office of the Health Insurance Commissioner (OHIC) has issued a new regulation<sup>1</sup> in order to bring some clarity to Rhode Island's prompt processing laws.<sup>2</sup> The prompt processing laws apply to all health insurers, health plans, dental plans, nonprofit hospital and medical service corporations, nonprofit dental service corporations, health maintenance organizations, licensed third party administrators and contractors operating in Rhode Island. These entities and plans are required to process electronic claims submitted by Rhode Island health care providers and policyholders within thirty calendar days from receipt of said claims and to process written claims submitted by Rhode Island health care providers and policyholders within forty calendar days from receipt of said claims. In addition, the prompt processing laws require entities and plans to pay interest accruing at the rate of twelve percent per annum commencing on the thirty-first day after receipt of a complete electronic claim or on the forty-first day after receipt of a complete written claim, and ending on the date the payment is issued to the health care provider or the policyholder.

The new regulation, which will replace the state's existing prompt processing regulation issued by the Department of Business Regulation (DBR) in 2003,<sup>3</sup> does several things. The new regulation:

- clarifies to whom the prompt processing laws apply;
- specifies the types of claims covered by the prompt processing laws;
- establishes a formal process for providers to lodge complaints for late payments;

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<sup>1</sup> The regulation is posted at [www.dbr.state.ri.us/divisions/healthinsurance/](http://www.dbr.state.ri.us/divisions/healthinsurance/).

<sup>2</sup> R.I. Gen. Laws §§ 27-18-61, 27-19-52, 27-20-47 and 27-41-64.

<sup>3</sup> A copy of DBR's 2003 prompt processing regulation may be found at [www.dbr.state.ri.us/documents/rules/insurance/InsuranceRegulation102.pdf](http://www.dbr.state.ri.us/documents/rules/insurance/InsuranceRegulation102.pdf).

- changes the reporting requirements for entities subject to prompt processing requirements; and
- changes the requirements for the filing of complete claim standards.

***To whom do the prompt processing laws apply?***

Rhode Island’s prompt processing laws apply to health insurers, health maintenance organizations, Blue Cross and Blue Shield organizations, nonprofit dental service corporations and licensed contractors that operate a health plan in Rhode Island. Previously, only a handful of Rhode Island-licensed health insurers thought that they were subject to the prompt processing laws. As a result, the OHIC received only a few monthly claims processing reports<sup>4</sup> and physicians did not receive all the interest payments they were entitled to for claims processed outside of statutory timeframes. Now, payors such as Delta Dental, Blue Cross and Blue Shield of Massachusetts as well as certain third party administrators (TPAs) will be subject to the prompt processing requirements. Those entities must process claims within appropriate timeframes, pay interest on late-processed claims, and submit processing reports to the OHIC.

***What types of claims covered by the prompt processing laws?***

Under the old regulation, each health plan applied the prompt processing laws to a limited set of claims. Most plans assumed that the prompt processing guidelines did not apply to self insured claims. Some plans assumed that RItE Care claims were likewise excluded from the processing requirements. The new regulation makes clear that the processing timeframes apply to all non-federal program claims.<sup>5</sup> Thus, claims that are fully insured as well as those that are self insured are subject to the prompt processing guidelines and interest payment requirements. The new regulation also makes clear that the processing requirements apply to RItE Care claims.

***Are claims submitted by hospitals covered by the prompt processing timeframes?***

No. The prompt processing laws only cover “non-institutional” providers, such as physicians, dentists, and other individual health care providers.

***Do the prompt processing laws pertain to medical payments resulting from auto insurance coverage?***

No. The prompt processing laws do not apply to claims under an auto insurance policy.

***What are the time frames for processing claims?***

The prompt processing laws establishes various time frames for the processing and payment of claims. The time frames vary depending upon the circumstances.

- All complete claims submitted electronically by a Rhode Island health care provider or by a Rhode Island policyholder must be paid within thirty calendar days following the date of receipt. Complete claims submitted in writing must be paid within forty calendar

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<sup>4</sup> Under the existing regulation, health plans must submit a monthly report detailing the number of claims processed and the number of claims processed within the required timeframes.

<sup>5</sup> Examples of federal program claims exempt from this regulation include claims for payment under Medicare, Medicare Advantage, Medicaid fee-for-service and Federal Employees Health Benefits programs.

days following the date of receipt.

- All non-complete claims submitted electronically by a Rhode Island health care provider or by a Rhode Island policyholder must be denied or pended within thirty calendar days following the date of receipt. Non-complete claims submitted in writing must be denied or pended within forty calendar days following the date of receipt.
- Claims submitted more than ninety days after the date of service are not subject to the timeframes established by the regulation.

***Is there a minimum threshold for making an interest payment, such as \$1.00?***

No. There is no minimum payment level provided by the prompt processing laws.

***Are policyholder claims subject to interest payments?***

Yes. The interest requirement is not limited to provider claims. Therefore, interest is due when claims submitted by policy holders are paid late.

***How do providers lodge a prompt processing complaint?***

The existing regulation does not provide any guidance to physicians with respect to enforcement of the prompt processing laws or how to file a complaint about late processed claims. The new regulation provides a standard complaint form and explains the procedures for filing a prompt processing complaint with the OHIC. Providers must demonstrate efforts to resolve their claims issues directly with the health plans prior to asking for OHIC intervention.

***What are the new reporting requirements for entities subject to prompt processing requirements?***

Under the existing regulation, all entities subject to the prompt processing laws are required to file a monthly report detailing their compliance. In order to alleviate the burden this reporting requirement places on entities that process relatively few claims, the new regulation only requires monthly reports from entities that process, on average, 10,000 claims or more per month. Entities that process, on average less than 10,000 claims per month must only file an annual report. In addition, the form of the monthly/annual report has changed.

***What are the new requirements for the filing of complete claim standards?***

The existing regulation requires entities subject to the prompt processing requires to file their complete claim standards with the OHIC every year. Under the new regulation, complete claim standards must be filed once after the new regulation takes effect and thereafter only if the standards are changed.

***When will the new regulation go into effect?***

The new regulation is scheduled go into effect on January 1, 2007. Until that time, the current regulation will remain in place.

Christopher F. Koller  
Health Insurance Commissioner  
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