

HEALTH CARE ALERT

Date: May 12, 2004

STATE INSURANCE DEPARTMENT PROMULGATES EMERGENCY REGULATIONS TO DEFINE "CLEAN CLAIMS" UNDER "PROMPT PAYMENT LAW"

Since the New York State Prompt Payment Law became effective on January 22, 1998, the State Insurance Department has received over 88,000 complaints against insurers, HMO's, and private health service plans ("PHSPs") concerning the late payment of claims. The Insurance Department has levied periodic monetary penalties against these entities for their untimely payment and untimely denial of health care claims. While insurers, HMO's and PHSP's have altered their procedures to comply with the time-frames of the Prompt Payment Law, the various associations that represent health care providers, insurers, HMO's and PHSP's have disagreed over when a claim should be considered "clean" and therefore ready for payment. As a result of these disagreements, the State Insurance Department felt that it was imperative to promulgate an emergency measure so that "clean claim parameters" can be put in place at once. These "clean claim parameters" will be used in the future to determine what other claim payment guidelines may be needed. The State Insurance Department hopes that the "clean claim" provisions in these new emergency regulations will prevent providers from submitting unnecessary complaints to the Insurance Department regarding claims that are deficient.

According to the new emergency regulations, a medical claim submitted on the national standard form known as a CMS 1500 (previously known as HCFA 1500) will only be considered "clean" if it contains all of the items in the following fields of the claim form:

- 1a. Insured's I.D. Number
2. Patient's Name
3. Patient's Date of Birth and Gender
4. Insured's Name (Last Name, First Name)
5. Patient's Address
9. Other Insured's Name (if appropriate)
- 9a. Other Insured's Policy or Group Number (if appropriate)
- 9b. Other Insured's Date of Birth and Gender (if appropriate)
- 9c. Employer's Name or School Name (if appropriate)
- 9d. Insurance Plan Name or Program Name (if appropriate)
- 10a. Is Patient's Condition Related to Employment?

- 10b. Is Patient's Condition Related to Auto Accident?
- 10c. Is Patient's Condition Related to Other Accident?
- 11. Insured's Policy, Group or FECA Number (if provided on ID card)
- 11d. Is There Another Health Benefit Plan?
- 12. Patient's or Authorized Person's Signature (Can be completed by writing "signature on file" where appropriate)
- 13. Insured's or Authorized Person's Signature (if appropriate)
- 17. Name of Referring Physician or Other Source (if appropriate)
- 17a. I.D. Number of Referring Physician (if appropriate)
- 18. Hospitalization Dates Related to Current Services (if appropriate)
- 21. Diagnosis or Nature of Illness or Injury
- 24A. Dates of Service
- 24B. Place of Service
- 24D. Procedures, Services, or Supplies
- 24E. Diagnosis Code (refer to item 21)
- 24F. \$ Charges
- 24G. Days or Units (for Durable Medical Equipment) (if appropriate)
- 25. Federal Tax I.D. Number
- 28. Total Charge
- 29. Amount Paid (if appropriate)
- 30. Balance Due
- 31. Signature of Physician or Supplier Including Degrees or Credentials (if not already on file, except as required by applicable Federal and State laws)
- 33. Personal Identifying Number of the particular practitioner rendering the care plus, if practicing in a group, the Identifying Number of the group as well

The new emergency regulations recognize that the generic nature of the standard claim form will produce some instances when the information requested is not relevant in a particular instance (such as those items listed above with the notation ("if appropriate")). In those cases, the payer should not insist upon completion of that item if the information is not relevant to the situation of that particular practitioner or patient, or if the information will not be used by the payer. If an item is not applicable at all, it should be left blank rather than inserting a notation that it is not applicable.

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For more information, please call any of the following attorneys in our firm's health care department:

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