

**San Mateo County MHP
Procedure Manual**

Procedure: MHP 07-04 Attachment F	TITLE: Paying Interest on Non-Contract Claims	Effective Date: April 2011
Revision: 1	Dept: Claims	Page 1 of 2

Approval By:	Date:
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Next Annual Review Date:	July 2019

Purpose

To document San Mateo County Mental Health’s (MHP) procedure for calculating and including interest amounts due on non-contractor claims not paid in a timely manner.

Scope

This procedure has been developed in accordance with all applicable federal and state statutory, regulatory, and contract requirements. This procedure applies to non-contractor claims for Care Advantage and Cal MediConnect lines of business.

Responsibility and Authority

The Billing Manager is responsible for overseeing the claims activity of HPSM.

The Claims Specialist is responsible for ensuring that interest is calculated and paid on late claims.

1.0 Key Components

The Key Components of MHP’s Claims Receipt workflow is as follows:

- 1.1 MHP makes every effort to pay claims in a timely manner. All clean claims are expected to be paid within 30 calendar days. For non-clean claims, a payment or denial is expected within 60 calendar days of receipt.
- 1.2 Each claim received by MHP is assigned a claim number so tracking might be initiated to ensure timely payment.

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1.2.1 Clean non-contracted provider claims that are not paid within 30 calendar days are subject to late interest payment.

1.2.2 Claims Specialist runs a report after check is mailed to the noncontract provider to determine if any claims didn't meet the 30 day timeline. If a clean claim exceeds payment within 30 days, then interest is paid to the provider. Interest is calculated as per CFR Title 42 Section 422.520 and section 3902(a) of title 31, United States Code on the following claims:

2.0 Interest Payment Process

The Interest Payment steps are:

- 2.1 All non contractor claims which are subject to late interest payments will have the interest amount calculated and added to the claim as a separate line item based on the difference between the claim received date and the check mail date.
- 2.2 If there are any claims that meet this criteria, Claims Specialist enters them in an Excel spreadsheet to calculate the amount of interest owed. Interest rates are obtained from Financial Management Service Bureau of the United States Department of the Treasury.
- 2.3 Interest is calculated as follows:
 - 2.3.1 Daily interest amount is calculated. For example, a \$1000.00 payment that will be made on the 35th day will be 5 days late:

$$\begin{aligned} \$1000.00 \times 4.5\% &= \$45.00 \text{ annual interest} \\ \$45.00 \text{ annual}/365 \text{ days} &= \$0.12 \text{ per calendar day interest.} \end{aligned}$$

For this claim, 5 days late would be \$0.60 interest.
- 2.4 The interest payment is identified on the EOP by a special cpt code: ZZZZZ. The explanation reason code is: Interest Payment