

Insights

Indiana Department of Insurance Issues Bulletin on the Interest Rate for Failure to Pay Clean Claims

January 23, 2017

On January 3, 2017, the Indiana Department of Insurance (“Department”) issued Bulletin 235, titled “Interest Rate for Failure to Pay a Clean Claim,” clarifying the interest rate calculated on clean claims pursuant to Indiana Code Sections 27-8-5.7 and 27-13-36.2 (“Clean Claims Laws”). Under the Clean Claims Laws, accident and sickness policies and health maintenance organizations are subject to interest on clean claims not timely paid “at a rate that is the percentage rounded to the nearest whole number that equals the average investment yield on state general fund money for the state’s previous fiscal year, excluding pension fund investments, as published in the auditor of state’s comprehensive annual financial report.”^[1]

According to Bulletin 235, the Auditor’s Comprehensive Annual Financial Report revealed that for the fiscal year ending June 30, 2016, the “average yield on the total investment of all funds, except for pension trust funds” was 0.65%, and therefore, the clean claims interest rate for calendar year 2016 is 1% per year.^[2] The 1% interest rate is effective immediately for all accident and sickness policies and health maintenance organizations.

Additionally, the Department notes that this Bulletin should be interpreted in agreement with Bulletin 228, titled “Handling of Clean Claims During the ACA Grace Period.” In Bulletin 228, the Department clarified that claims that are “pending” according to the Bulletin during days 31 through 90 of the Grace Period are not subject to interest under the Clean Claims Laws.^[3]

For more information, Bulletin 235 can be accessed [here](#). If you have any questions or require more information about Bulletin 235 or related compliance efforts, please contact your regular Krieg DeVault health care attorney.

[1] Ind. Code § 12-15-21-3(7)(A); Ind. Code §§ 27-13-36.2-4(d) and 27-8-5.7-6(d) (“shall use the same interest rate as provided in IC 12-15-21-3(7)(A).”).

[2] Department of Insurance, Bulletin 235 “Interest Rate for Failure to Pay a Clean Claim,” January 3, 2017 available at <http://www.in.gov/legislative/iac/20170104-IR-760170001NRA.xml.pdf>.

[3] Department of Insurance, Bulletin 228 “Handling of Clean Claims During the ACA Grace Period,” May 4, 2016 available at <http://www.in.gov/legislative/iac/20160511-IR-760160171NRA.xml.pdf>.