



C.L. "BUTCH" OTTER, GOVERNOR

## IDAHO INDUSTRIAL COMMISSION

PO Box 83720  
Boise, ID 83720-0041  
(208) 334-6000 - FAX (208) 334-2321  
1-800-950-2110

COMMISSIONERS  
Thomas P. Baskin, Chairman  
R. D. Maynard  
Thomas E. Limbaugh

Mindy Montgomery, Director

August 21, 2014

To All Idaho Workers' Compensation Claims Administrators

RE: 30% Penalty on Medical Fee Disputes

It has long been the practice of Commission staff to dismiss Motions for Approval of Disputed Charges without the application of the thirty percent (30%) penalty when a payment equal to the disputed amount is issued by a payer subsequent to the filing of a provider's Motion. The Commission recently had occasion to review this practice, and on further consideration has determined that the penalty must be applicable to the underpayment owed at the time the Motion was filed unless the payer submits a Response to the Motion showing its previous payment(s) to be adequate.

When a payer fails to pay the acceptable charge upon receipt of the provider's bill, and again upon receipt of the provider's written appeal, the provider is forced to file a Motion for Approval of Disputed Charge with the Commission. The provider is also required to copy all pertinent documents supporting its fee dispute, fill out multiple forms, and send these documents to both the Commission and the payer. A thirty percent (30%) penalty to compensate the provider for having to take these additional measures is provided for in IDAPA 17.02.09.035.10:

*"...If Provider's motion disputing CPT or MS-DRG coded items prevails, Payor shall pay the amount found by the Commission to be owed, plus an additional thirty percent (30%) of that amount to compensate Provider for costs and expenses associated with using the dispute resolution process..."*

Under the current practice, the provider is not being compensated for the additional costs and expenses. **Therefore, for all Motions filed on or after October 1, 2014, unless the payer demonstrates, by timely response to the provider's Motion, that the payer's previous payment is adequate, the penalty will now be applied to the underpayment owed at the time the Motion was filed. Payments issued after the filing of the Motion may be deducted from the ordered amount, but will not reduce the penalty.**

As always, claims administrators may avoid the penalty by prompt payments or a credible, timely defense of their payments.

We thank you for your diligence in ensuring that prompt and accurate payments are issued to medical providers. If you have any questions, please do not hesitate to contact Patti Vaughn, Medical Fee Schedule Analyst, at (208) 334-6084, or [Patti.Vaughn@iic.idaho.gov](mailto:Patti.Vaughn@iic.idaho.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Baskin".

Thomas P. Baskin  
Chairman