



## IDAHO INDUSTRIAL COMMISSION

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

**RE:** 30% Penalty on Medical Fee Disputes

---

It was once 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 was issued by a payer subsequent to the filing of a provider's Motion. The Commission had occasion to review this practice, and 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 17.01.01.803.06.i:

*"...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..."*

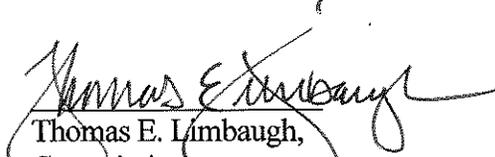
When a payment is issued after the Motion is filed, the provider is not compensated for the additional costs and expenses. Therefore, for all Motions filed on or after October 1, 2014, unless the payer demonstrates, by timely response to the provider's Motion, that the payer's previous payment is adequate, the penalty is 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, Benefits Administration Manager, at [Patti.Vaughn@iic.idaho.gov](mailto:Patti.Vaughn@iic.idaho.gov).

  
Thomas P. Baskin,  
Chairman

  
Aaron White,  
Commissioner

  
Thomas E. Limbaugh,  
Commissioner