Indiana Department of Insurance
April 10, 2019
Bulletin 248

INTEREST RATE FOR FAILURE TO PAY A CLEAN CLAIM

This bulletin is directed to all insurers issuing accident and sickness insurance policies, as defined at IC 27-8-5.7-1, all HMOs as defined at IC 27-13-36.2-2, and all health care providers submitting claims to those insurers and HMOs. The purpose of this bulletin is to clarify provisions of the statutory provisions commonly referred to as the Clean Claims Laws, IC 27-8-5.7 and IC 27-13-36.2. This bulletin should be read in agreement with Department of Insurance Bulletin 228.

Indiana's Clean Claims Laws provide that interest shall be paid "at a rate that is the percentage rounded to the nearest whole number that equals the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report." The statute does not specify the frequency of the rate; however, the investment yield on state money referenced in the Clean Claims Laws is an annual rate. Therefore, the interest rate should be calculated as an annual rate, as well.

This year's Auditor's Comprehensive Annual Financial Report ("CAFR"), available at the Auditor of State's web site (https://www.in.gov/auditor/files/Entire%202018%20CAFR.pdf), indicates the "average yield on the total investment of all funds, except for pension trust funds" for the fiscal year ending June 30, 2018, was 1.16%. Thus, the rate to be paid for calendar year 2019 is One Percent (1%) per year. The Department is notifying companies that the 1% rate will take effect beginning immediately.

In accordance with IC 27-8-5.7 and IC 27-13-36.2-6, companies failing to promptly pay clean claims could also be subject to administrative action. Questions regarding this Bulletin should be directed to the Department's Legal Division at (317) 232-0143 or doi@idoi.in.gov.

INDIANA DEPARTMENT OF INSURANCE

Stephen W. Robertson,
Insurance Commissioner