

CHARGES FOR PROVIDER ADMINISTRATIVE EXPENSES

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I. APPLICABILITY

The policy is mandatory for reimbursement of services provided by either network or non-network providers. However, alternative network reimbursement methodologies are permitted when approved by TMA and specifically included in the network provider agreement.

II. ISSUE

Can penalty charges for providers' administrative expenses be allowed?

III. POLICY

Providers may incur administrative expenses during the course of doing business. Most of these expenses are normal and payment for them is included in the payments made for the medical services rendered by the provider. Others are not covered because they are not medical services related to the treatment of an illness or injury. In either case, separate charges for administrative expenses are not allowed. Such expenses include:

A. Penalty or interest charges imposed on a beneficiary by a provider because of failure to make timely payment on a bill are not covered.

B. Provider administrative expenses such as charges for claims completion, furnishing medical records, etc., are not separately allowable.

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