Position Statement

Prompt Payment of Physician Claims

This Position Statement was developed as an educational tool based on the opinion of the authors. It is not a product of a systematic review. Readers are encouraged to consider the information presented and reach their own conclusions.

Timely Payment of Uncontested Claims

Many physicians are often not paid in a timely manner for health care services rendered to patients. They and their staff must, therefore, spend an extraordinary amount of time and effort on reimbursement issues to the detriment of their appropriate focus, which is patient care. Insurance carriers and health plans unreasonably delay payments to physicians for many months, as well as arbitrarily reduce payments without proper cause. Orthopaedic offices report that accurate and valid claims may remain unpaid for more than 90 days. Many insurers also delay payment of larger claims by finding minor errors in ancillary portions of the claim.

The American Association of Orthopaedic Surgeons (AAOS) supports prompt payment of uncontested claims by government agencies, insurance companies and managed care plans within a 21-day time period. The AAOS also supports the prompt payment of any part of a claim that is complete and undisputed. Whenever possible, the AAOS encourages electronic claims submission and resolution.

Notification of Deficient Claims

Third-party payers often dispute claims on the basis that patient care services were not medically necessary or that the method in which health care services were accessed or made available contradicted the managed care contract. When a carrier contests a claim or delays payment because more information is needed, frequently physicians are not given notice in a timely manner. When further documentation is requested, and the physician provides the information, an insurer or health plan can further delay payment by asking for additional information or clarification. Reprocessing these claims is a time-consuming process, resulting in increased practice overhead expense.

The AAOS believes insurance companies and managed care plans should notify physicians promptly if a claim is in dispute or the payer desires additional information. This notification should describe all problems with a claim, and give the physician an opportunity to respond to all problems at the time of initial notification. Contracts with managed care organizations should clearly define standards for billing, deficiency notification, and timely payment of claims.
Penalties, Sanctions, and Regulatory Oversight

In an effort to alleviate problems of untimely payment, some state legislatures and insurance commissions have stepped in to assure prompt payment of claims. One common legislative proposal is the payment of a monthly or yearly interest penalty on late claims.

The AAOS urges state legislatures and insurance commissions to enact or strengthen prompt payment regulations. These regulations should address standards for claims processing and management, as well as establish sanctions against carriers who have a policy or practice of late payments. State insurance commissioners should be held accountable for enforcement of defined standards.

The AAOS urges its membership to take an active interest in prompt payment issues, and encourages the efforts of state medical societies on behalf of this issue.


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