

## Payments To Beneficiaries/Providers

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### 1.0 CHECKS

When issuing checks for payments to beneficiaries and providers, the contractor shall use the following formats/statements:

- For non-underwritten funds, the check shall be dated the same date as the Initial Transmission Date (derived by the TRICARE Management Activity (TMA) and equal to the calendar date the Batch/Voucher is transmitted to TMA). For underwritten funds, the check shall be dated on the date the contractor makes payment.
- The words "TRICARE Payment" shall be printed in at least 18-point font at the top of the check.
- The TRICARE logo and the contractor's name and address shall be on the check.
- The following endorsement statement shall be printed using four or five point type in the 1.5 inches allotted on the reverse side of the check. This will comply with Federal Reserve Bank Regulation CC (Availability of Funds and Collection of Checks) regarding check endorsements. The endorsement shall read as follows:
  - "This payment is made with Federal funds. Fraud in procuring, forging of signature or endorsement, or materially altering this check is punishable under the U.S. Criminal Code. IF PAYABLE TO A PARTICIPATING PROVIDER OF SERVICES - By endorsing this check, the undersigned payee agrees that he/she is subject to the terms of the participating agreement (assignment) as set forth in the TRICARE regulation."
- A statement that the check must be negotiated within 120 calendar days.

### 2.0 ELECTRONIC FUNDS TRANSFER (EFT)

**2.1** Payments may be made by EFT to beneficiaries and providers. Underwritten EFTs shall be done prior to submission of the related TED record to TMA. Non-underwritten EFTs shall be done within two federal workdays after receiving payment approval from TMA. Rejected EFTs may be paid as checks. If payment cannot be accomplished as a check or EFT, an adjustment/cancellation TED record shall be submitted within five work days of rejection of an EFT.

**2.2** The contractor may require providers who submit claims electronically to also accept an electronic Remittance Advice (RA) and to receive payment by EFT. EFTs and RAs sent from the contractor to the provider must be in HIPAA standard format as specified in Chapter 19, Section 2.

### 3.0 INTEREST PAYMENTS

**3.1** The contractor shall pay interest to providers or beneficiaries on claims that have not been processed to timely completion. For claims with addresses within the United States (US), simple interest shall be paid on the payment amount based upon the Prompt Payment Act Interest Rate in effect on the "processed to completion" date, on all retained claims beginning with the 31st day following the date of receipt until processed to completion. No interest shall be paid on claims with addresses outside the US.

**3.2** The contractor shall include interest in the benefit check/EFT regardless of who is fiscally responsible for the interest payment. Interest shall be paid to the nearest penny. The maximum interest penalty period shall be one year. All interest shall be paid to the recipient of the benefit check/EFT; however, if a payment is split as a result of a beneficiary overpaying a provider, the interest payment shall be made, in total, to the provider. No interest shall be paid on any claim pending for recoupment or future offset.

**3.3** Interest penalty payments and reasons for interest penalty shall be reported on the TRICARE Encounter Data (TED) submission in a separate field as specified in the TRICARE Systems Manual (TSM), [Chapter 2, Section 2.3](#). Total interest paid shall not be included in the "Total Government Dollars Paid" field. The "Total Amount Paid" report on the voucher header record shall equal the dollar amount of payments (which will be a combination of "Total Government Dollars Paid" and "Interest Payment").

**3.4** On a daily basis, TMA/[Contract Resource Management \(CRM\)](#) will reconcile the TED record submissions (by voucher header) to determine the total interest payment amounts reported and the total interest amounts owed by the responsible party (based on the code used in the Interest Reason field). Based upon the results of the reconciliation, the TMA/CRM will either pay the contractor, or deduct the interest payment amount owed to or due from the contractor. Any amounts owed to or due from the contractor will be settled by the payment office at the same time the benefits payments are made for underwritten claims or within seven calendar days of receipt for claims paid from non-underwritten accounts.

**3.5** The fiscal responsibility for the interest payment shall be determined based on the following hierarchy. The first cause for the delay in processing the claim shall remain with the claim for the purpose of determining who is responsible for interest payments.

- Claims pending at government direction that the government has specifically directed the contractor to hold for an extended period of time. These will primarily be claims pending a Program Integrity (PI) investigation. (The government is fiscally responsible for any interest).
- Claims requiring government intervention (the government is fiscally responsible for any interest).
- Claims requiring development for potential third-party liability (the government is fiscally responsible for any interest).
- Claims requiring an action/interface with another prime contractor (the contractor is fiscally responsible for any interest).

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- Claims retained by the contractor that do not fall into one of the above categories (the contractor is fiscally responsible for any interest).

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