

## **Penalties**

### **Late Payment/Denial of Medical Bills - Statutes and Rules**

#### **Minn. Stat. 176.221 Payment of Compensation and Treatment Charges, Commencement.**

Subd. 3a. **Penalty.** In lieu of any other penalty under this section, the commissioner may assess a penalty of up to \$2,000 payable to the commissioner for deposit in the assigned risk safety account for each instance in which an employer or insurer does not pay benefits or file a notice of denial of liability within the time limits prescribed under this section.

Subd. 6a. **Medical, rehabilitation, and permanent partial compensation.** The penalties provided by this section apply in cases where payment for treatment under section [176.135](#), rehabilitation expenses under section [176.102, subdivisions 9 and 11](#), or permanent partial compensation are not made in a timely manner as required by law or by rule adopted by the commissioner.

Subd. 7. **Interest.** Any payment of compensation, charges for treatment under section [176.135](#), rehabilitation expenses under section [176.102, subdivision 9](#), or penalties assessed under this chapter not made when due shall bear interest from the due date to the date the payment is made at the rate set by section [549.09, subdivision 1](#).

For the purposes of this subdivision, permanent partial disability payment is due 14 days after receipt of the first medical report which contains a disability rating if such payment is otherwise due under this chapter, and charges for treatment under section [176.135](#) are due 30 calendar days after receiving the bill and necessary medical data.

If the claim of the employee or dependent for compensation is contested in a proceeding before a compensation judge or the commissioner, the decision of the judge or commissioner shall provide for the payment of unpaid interest on all compensation awarded, including interest accruing both before and after the filing of the decision.

Subd. 8. **Method and timeliness of payment.** Payment of compensation under this chapter shall be by immediately payable negotiable instrument, or if by any other method, arrangements shall be available to provide for the immediate negotiability of the payment instrument.

All payment of compensation shall be made within 14 days of the filing of an appropriate order by the division or a compensation judge, unless the order is appealed or if a different time period is provided by this chapter.

#### **MN Rules 5220.2740 Failure to Pay or Deny Medical Charges; Penalty.**

Subp. 1. **Basis.** Under Minnesota Statutes, section [176.221](#), subdivision 6a, a penalty may be assessed where payment or denial of medical charges is not made in a timely manner as provided in part [5221.0600](#) and Minnesota Statutes, section [176.135](#).

Subp. 2. **Amount.** Under Minnesota Statutes, section [176.221](#), subdivision 3a, a penalty of up to \$2,000 shall be assessed as follows:

- A. one to 15 days late, \$500;
- B. 16 to 30 days late, \$1,000;
- C. 31 to 60 days late, \$1,500; and

D. over 60 days late, \$2,000.

Subp. 4. **Payable to.** Penalties assessed under this part are payable to the assigned risk safety account.

Subp. 5. **Interest.** Interest on the sums owed under Minnesota Statutes, section [176.221](#), subdivision 8, is payable to the health care provider.

### **Minn. Stat. 176.225 Additional Award as Penalty.**

Subd. 1. **Grounds.** Upon reasonable notice and hearing or opportunity to be heard, the commissioner, a compensation judge, or upon appeal, the court of appeals or the Supreme Court shall award compensation, in addition to the total amount of compensation award, of up to 30 percent of that total amount where an employer or insurer has:

- (1) instituted a proceeding or interposed a defense which does not present a real controversy but which is frivolous or for the purpose of delay; or
- (2) unreasonably or vexatiously delayed payment; or
- (3) neglected or refused to pay compensation; or
- (4) intentionally underpaid compensation; or
- (5) frivolously denied a claim; or
- (6) unreasonably or vexatiously discontinued compensation in violation of sections [176.238](#) and [176.239](#).

For the purpose of this section, “frivolously” means without a good faith investigation of the facts or on a basis that is clearly contrary to fact or law.

### **MN Rules 5220.2760 Additional Award as Penalty.**

Subp. 1. **Basis.** Penalties under Minnesota Statutes, section [176.225](#), subdivision 1, in an amount up to 30 percent of the total amount of the compensation award shall be assessed by the division on the grounds listed in that section, including:

- A. underpaying, delaying payment of, or refusing to pay within 14 days of the filing of an order by the division or a compensation judge, the Workers' Compensation Court of Appeals or the Minnesota Supreme Court unless the order is appealed within the time limits for an appeal. If the payor does not appeal the order, payments made more than 14 days after the order is served and filed are late, however, the division shall not issue a penalty under this part unless payment is made after the 30th day following a final order. A penalty may be issued, however, for a payment after the 14th day and through the 30th day following a settlement award under Minnesota Statutes, section [176.521](#). Payments made after the 14th day must include interest pursuant to Minnesota Statutes, section [176.221](#), subdivision 7, or [176.225](#), subdivision 5, to the payee;
- B. delay of payment, underpayment, or refusal to pay permanent partial disability benefits as provided in part [5220.2550](#); and
- C. Other violations under Minnesota Statutes, section [176.225](#), subdivision 1, paragraph (a), (b), (c), (d), (e), or (f).

This part does not affect the employee's independent right to seek penalties by filing a claim petition under Minnesota Statutes, section [176.271](#).

Subp. 2. **Amount.** A penalty assessed under this part will be for at least six percent of the compensation owing and shall be assessed as follows:

- A. one to five days late, six percent;
- B. six to 15 days late, 12 percent;
- C. 16 to 30 days late, 18 percent;
- D. 31 to 60 days late, 24 percent; and
- E. over 60 days late, 30 percent.

Subp. 3. **Payable to.** Penalties assessed under this part are payable to the employee.

**Minn. Stat. 176.194 Prohibited Practices.**

Subd. 3. **Prohibited conduct.** The following conduct is prohibited:

- (3) failing to pay or deny medical bills within 45 days after the receipt of all information requested from medical providers;

Subd. 4. **Penalties.** The penalties for violations of subdivision 3, clauses (1) through (6) and (9), are as follows:

1st through 5th violation of each paragraph	written warning
6th through 10th violation of each paragraph	\$3,000 per violation in excess of five
11 or more violations of each paragraph	\$6,000 per violation in excess of ten

For violations of subdivision 3, clauses (7) and (8), the penalties are:

1st through 5th violation of each paragraph	\$3,000 per violation
6 or more violations of each paragraph	\$6,000 per violation in excess of five

The penalties under this section may be imposed in addition to other penalties under this chapter that might apply for the same violation. The penalties under this section are assessed by the commissioner and are payable to the commissioner for deposit in the assigned risk safety account. A party may object to the penalty and request a formal hearing under section [176.85](#). If an entity has more than 30 violations within any 12-month period, in addition to the monetary penalties provided, the commissioner may refer the matter to the commissioner of commerce with recommendation for suspension or revocation of the entity's (a) license to write workers' compensation insurance; (b) license to administer claims on behalf of a self-insured, the assigned risk plan, or the Minnesota Insurance Guaranty Association; (c) authority to self-insure; or (d) license to adjust claims. The commissioner of commerce shall follow the procedures specified in section [176.195](#).