

Program Memorandum Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal B-01-03

Date: JANUARY 11, 2001

CHANGE REQUEST 1445

**SUBJECT: Request for Carriers to Include a Message on Paper Remittance Notices--
ACTION**

In 1996 Congress passed the Health Insurance Portability and Accountability Act (HIPAA). This act is comprised of two major legislative actions: health insurance reform and administrative simplification. The administrative simplification provisions of HIPAA directed the Secretary to adopt national electronic standards for automated transfer of certain health care data between health care payers, plans, and providers. The transactions final rule, which was published in the *Federal Register* on August 17, 2000, named the following eight administrative and financial health care transactions as covered by the rule:

1. Health claims or encounter information;
2. Eligibility for a health plan;
3. Referral certification and authorization;
4. Health claim status;
5. Enrollment and disenrollment in a health plan;
6. Health care payment and remittance advice;
7. Health plan premium payments; and
8. Coordination of benefits.

Providers who submit any of the eight transactions electronically must send them in the standard named in the regulation by October 16, 2002 (October 16, 2003, for small non-Medicare health plans). They must also take steps necessary to upgrade their software to conform to these standards, either independently or through contractors.

Even though the initial effort needed to get HIPAA underway may seem tremendous, it is expected to simplify electronic data interchange (EDI), reduce administrative burden, lower operating costs, and improve overall data quality. This information needs to be shared with providers who submit paper claims to entice them to investigate converting to EDI under HIPAA. Providers are not required to send or receive electronic transactions, but may want to reconsider their decision in view of the additional benefits expected to be provided through HIPAA. Place the following message in the provider bulletin block of each paper remittance notice you issue between July 1, 2001, and June 30, 2002:

“As result of HIPAA, providers who use electronic transactions may realize significant savings. Contact (carrier insert telephone number or other contact directions) now for further information on how you can begin or expand your use of electronic transactions.”

A series of Program Memoranda (PM) will be issued over the coming months regarding carrier EDI standard implementation requirements for HIPAA, provider outreach, and transition from the pre-HIPAA EDI formats. Change Requests 1094 and 1417, with incoming claim requirements, have already been issued to carriers. These PMs will supplement the staff training HCFA sponsored in FY 2000, and will include savings and benefit information to support your provider education efforts, as well as specific implementation requirements.

The *effective date* for this PM is July 1, 2001.

The *implementation date* for this PM is July 1, 2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded after June 30, 2003.

If you have any questions, contact Kathy Simmons at (410) 786-6157 or KSimmons@hcfa.gov.