Medlearn Matters
Information for Medicare Providers

Related Change Request (CR) #: 2966

Medlearn Matters Number: MM2966

Related CR Release Date: December 19, 2003

Related CR Transmittal #: R44CP

Effective Date: October 16, 2003

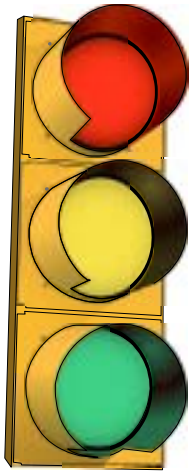
Implementation Date: January 20, 2004

New Instructions for the Mandatory Electronic Submission of Medicare Claims

Providers Affected

All Medicare providers (except small providers). See below for more information on small providers.

Provider Action Needed



STOP – Impact to You

Unless you qualify as a small provider, your initial claims to Medicare must be submitted electronically as of October 16, 2003, or Medicare may not cover them.

CAUTION – What You Need to Know

The Administrative Simplification standards of the Health Insurance Portability and Accountability Act (HIPAA) and the Administrative Simplification Compliance Act (ASCA) impact how your claims must be submitted to Medicare. This article provides important highlights for you.

GO – What You Need to Do

You should make sure that your billing staffs are aware of these requirements to submit claims to Medicare electronically. Additionally, you should make sure that your process of electronic submission is HIPAA compliant. The law and regulation permit a number of exceptions to the electronic billing requirement. Although electronic submission is encouraged, Medicare will continue to accept paper claims when any of the following apply:

1. Small providers - To qualify, a provider required to submit claims to Medicare intermediaries must have fewer than 25 full-time equivalent employees (FTEs) and a physician, practitioner, or supplier that bills a Medicare carrier must have fewer than 10 FTEs;
2. Provider is a dentist;
3. Provider is participating in a Medicare demonstration project when paper claim filing is required by that demonstration project due to the inability of the applicable implementation guide adopted under HIPAA to report data essential to the demonstration;
4. Provider that conducts mass immunizations, such as flu injections, for which the provider was previously allowed to submit paper roster bills;
5. Providers that submit claims when more than one payer is responsible for payment prior to Medicare payment;
6. Those few claims that may be submitted by beneficiaries;
7. Providers that only furnish services outside the United States;
8. Providers experiencing a disruption in their electricity or communication connection that is outside of their control;
9. Providers that can establish that an "unusual circumstance" exists that precludes submission of claims electronically;
10. Providers that are not "small" providers based on FTEs (see below), but submit an average of fewer than 10 Medicare claims per month (not more than 120 claims per year); and
11. Non-Medicare Managed Care Organizations that are able to bill Medicare for co-payments may continue to submit those claims on paper.

Understanding these rules and complying with them will assure continued prompt payment of Medicare claims.

Background

Section 3 of the Administrative Simplification Compliance Act, Pub. Law 107-105 (ASCA), and the implementing regulation at 42 CFR 424.32 require that all initial claims for reimbursement under Medicare (except those from small providers) be submitted electronically as of October 16, 2003, with limited exceptions. To view the actual regulation, go to: http://www.gpoaccess.gov/cfr/retrieve.html

Once at that site, key 42 in the Title box, 424 in the Part box and 32 in the Section box. This will take you to the regulation on claims submission and paragraph (d) is the key paragraph added to reflect the ASCA requirements.

Based on this law and the implementing regulation, Medicare will not cover claims submitted on paper that do not meet the limited exception criteria, briefly described below. Claims denied for this reason will contain claim adjustment reason code 96 (Non-covered charge(s)) and remark code M117 (Not covered unless submitted via electronic claim.)

Enforcement of this policy will be conducted on a post-payment basis and will entail targeted investigation of providers that appear to be submitting extraordinary numbers of paper claims. If an investigation establishes that a provider improperly submitted paper claims, the provider will be notified that Medicare will deny any paper claims submitted after a date certain (allowing a reasonable period for implementation of necessary provider changes).

Additional Information

Initial Claims

This requirement pertains to initial claims. Initial claims are those claims you submit to a Medicare fee-for-service carrier, DMERC, or intermediary for the first time, including previously rejected claims that you resubmit, claims with paper attachments, demand bills, claims where Medicare is secondary and there is only one primary payer, and nonpayment claims. Initial claims do not include adjustments that you submit to intermediaries on claims that you have preciously submitted, or appeal requests.

Small Providers

This requirement pertains to all Medicare providers except "small providers." Providers that qualify as "small" automatically qualify for waiver of the requirement that their claims be submitted to Medicare electronically. A small provider is defined at 42 CFR section 424.32(d) (1) (vii) to mean:

A. A provider of services (as that term is defined in section 1861(u) of the Social Security Act) with fewer than 25 FTEs; or

B. A physician, practitioner, facility or supplier that is not otherwise a provider under section 1861(u) with fewer than 10 FTEs.

To simplify implementation, Medicare will consider as "small":

1) all providers that have fewer than 25 FTEs and that are required to bill a Medicare intermediary; and

2) all physicians, practitioners, facilities, or suppliers with fewer than 10 FTEs and that are required to bill a Medicare carrier or DMERC.

If you are a small provider, CMS encourages you to submit your claims to Medicare electronically, but you are legally not required to do so. You may elect to submit some, but not all, of your claims to Medicare electronically. Submitting just some claims electronically does not impact your small provider status nor obligate you to submit all of your claims electronically.

Unusual Circumstance Waivers

Of the eleven circumstances when paper claim submission is still permissible, a written waiver request is to be submitted to Medicare only for circumstance 9 for an "unusual circumstance." You are expected to assess yourself to determine if any of the other circumstances apply to your situation to permit you to submit some or all of your claims on paper.

CMS has delegated certain authority to the Medicare contractors (carrier, DMERC, or intermediary) to determine whether an "unusual circumstance" applies. So, if you believe you should qualify for a waiver as result of an "unusual circumstance" you must submit a letter to the Medicare carrier, DMERC, or intermediary to whom you submit your claims. The letter must explain the nature of the "unusual circumstance" and indicate why you believe this circumstance prevents you from submitting electronic claims to Medicare.

Keep in mind that in some cases, an "unusual circumstance" or the applicability of one of the other exception criteria may be temporary. In this case, the related waiver would also be temporary. Once the unusual circumstance no longer applies, you will again be required to submit your claims to Medicare electronically. Also, some exception and waiver criteria apply to only a specific type of claim, such as secondary claims when more than one other payer is primary. You must submit electronically other types of claims that are not covered by an exception or waiver.

Important Dates to Know

EFFECTIVE DATE: October 16, 2003

IMPLEMENTATION DATE: January 20, 2004

Related Instructions

Please refer to the following sections of the Medicare Claims Processing Manual Chapter 24 - EDI Support Requirements for additional information:

90 - Mandatory Electronic Submission of Medicare Claims

90.1 - Small Providers and Full-Time Equivalent Employee Assessments

90.2 - Exceptions

90.3 - "Unusual Circumstance" Waivers

90.3.1-Unusual Circumstance Waivers Subject to Provider Self- Assessment

90.3.2 - Unusual Circumstance Waivers Subject to Medicare Contractor Approval

90.3.3 - Unusual Circumstance Waivers Subject to Contractor Evaluation and CMS Decision

90.4 - Electronic and Paper Claims Implications of Mandatory Electronic Submission

90.5 – Enforcement

You may view the actual chapter of this manual by going to:

http://www.cms.hhs.gov/manuals/104_claims/clm104c24.pdf

Or, you may view the relevant excerpts of that chapter within the actual Change Request issued to Medicare carriers and intermediaries by going to:

http://www.cms.hhs.gov/manuals/pm_trans/R44CP.pdf

These documents have additional details on exceptions and waivers, especially how to request a waiver. They also contain more details on how small providers and FTE totals are determined.

Should you have additional questions, please contact your carrier or intermediary on their toll-free number. If you do not have that number, you may find it at:

http://www.cms.hhs.gov/medlearn/tollnums.asp