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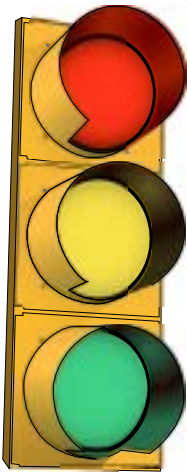
Implementation Date: July 6, 2004

Modification of CMS' Medicare Contingency Plan for HIPAA Implementation

Providers Affected

All Medicare physicians, providers, and suppliers who submit electronic claims to Medicare.

Provider Action Needed



STOP – Impact to You

Effective July 1, 2004, Medicare is modifying its Health Insurance Portability and Accountability Act (HIPAA) contingency plan. The modification continues to allow submission of non-compliant electronic claims. However, the payment of electronic claims that are not HIPAA compliant will take thirteen additional days.

CAUTION – What You Need to Know

While the contingency plan remains in place, the submission of non-HIPAA electronic claims to Medicare after July 6, 2004, means that Medicare will take longer to pay such claims.

GO – What You Need to Do

Submit HIPAA compliant claims. If you are already submitting HIPAA compliant claims or will do so on or before July 6, 2004, then this change does not apply to you.

Background

Currently, Medicare pays electronic media claims (EMC) no earlier than the 14th day after the date of receipt (13-day waiting period). Non-electronic claims cannot be paid earlier than the 27th day after the date of receipt (26-day waiting period).

HIPAA requires that claims submitted electronically, effective October 16, 2003, be in a format that complies with the appropriate standard adopted for national use.

The Administrative Simplification and Compliance Act (ASCA) requires claims to be submitted to Medicare electronically, with some exceptions, effective October 16, 2003.

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Based on guidance issued by the Department of Health and Human Services to maintain cash flow in the health care industry beyond October 16, 2003 and the fact that only 33 per cent of Medicare's electronic claims were in HIPAA formats as of that date, Medicare implemented a contingency plan to temporarily allow electronic claims to continue to be submitted in a pre-HIPAA format. This was done to provide those members of the healthcare community, who demonstrate a good faith effort to comply, additional time to become HIPAA compliant.

Under the subject modification to the October 16, 2003, contingency plan, those claims submitted electronically **and** in a HIPAA-compliant format will continue to be considered as eligible for Medicare payment on the 14th day after the date of receipt. Claims submitted electronically in a pre-HIPAA format under a Medicare contingency plan, will be considered as eligible for Medicare payment on the 27th day after the date of receipt. **As an example, HIPAA compliant claims received on July 1, 2004, can be paid as early as July 15, while a claim that is not HIPAA compliant and is received electronically on July 1, 2004, can be paid no earlier than July 28.**

Medicare is continuing to allow claims to be submitted in a pre-HIPAA format for a limited time to maintain provider payments, but this modification of the contingency plan should provide an incentive for moving to HIPAA formats quickly. This is a measured step toward ending the contingency plan for all incoming claims.

Important Dates

Medicare has instructed its carriers and intermediaries to begin enforcing these rules on July 6, 2004 and the rules will apply to claims received on or after July 1, 2004.

Additional Information

CMS has instructed its Medicare carriers and intermediaries to make available free/low cost software that will enable submission of HIPAA compliant claims electronically. Contact your carrier or intermediary in order to obtain this software at their special EDI number. For those billing Medicare Part A (including hospital outpatient services), a list of these numbers by State is available at:

<http://www.cms.hhs.gov/providers/edi/anum.asp>.

For those billing Medicare Part B, you may find those numbers listed by State at:

<http://www.cms.hhs.gov/providers/edi/bnum.asp>.

For additional information on HIPAA, visit the CMS Web site at:

<http://www.cms.hhs.gov/hipaa/hipaa2/default.asp>.

To view the revised manual chapter for the claims receipt rules, see Chapter 1, Section 80.2.1.2, which can be found in Pub 100-04, the Medicare Claims Processing Manual. This can be found at:

http://www.cms.hhs.gov/manuals/104_claims/clm104index.asp.

To view the actual instruction issued by CMS to your carrier or intermediary, visit:

http://www.cms.hhs.gov/manuals/transmittals/comm_date_dsc.asp.

Once at that site, scroll down the CR NUM column to 2981 and click on that file.

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