

DHS Business Decision

Title: 835 Cancellation Transaction/Reversal Process

Background: DHS has determined that in order to meet HIPAA balancing requirements, changes must occur to the original 835 Transaction if there are erroneous data contained when the 835 is created. The 835 Cancellation/Reversal and recreation of another 835 are the appropriate response. There are five differences between the original 835 Transaction and the 835 Cancellation/Reversal:

1. Patient Responsibility Amounts
2. Provider Adjustment Segments
3. Dollar Amounts

If DHS has a system level processing error that results in an erroneous 835 Transaction, DHS will need to notify our trading partners immediately including how to proceed.

Decision: If DHS has a system level processing error that results in an erroneous 835 Transaction, DHS will issue a Mailbox System Alert Notification and initiate the 835 Cancellation/Reversal Process. This process is to allow trading partners to automatically 'back out' payment information for an entire previously processed 835 Transaction.

DHS developed the 835 Cancellation/Reversal process after reviewing the Loops, Segments, and balancing information contained in the 'Purpose and Business Overview' of the Implementation Guides in the mandated 835 and draft 4050 Version. This included sections: 2.2.1 – Balancing; 2.2.8 – Reversals and Corrections; 2.2.12 – Balance Forward Processing; 2.2.14 – Claim Overpayment Recovery; and 2.2.18 – Totals within the 835 Transaction.

Effective Date: June 7, 2004