

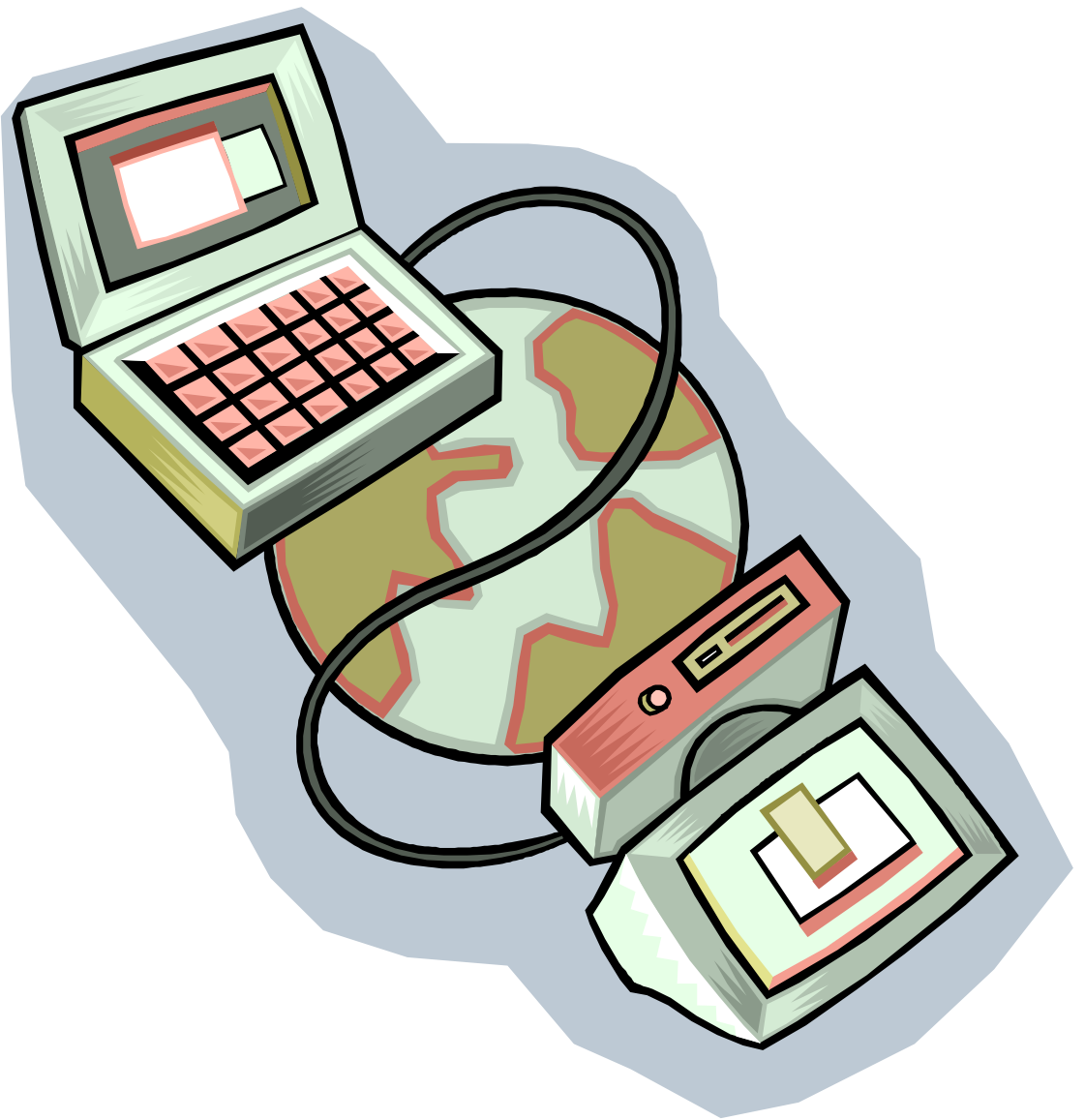


Electronic Data Interchange makes \$ense: it's fast, accurate and cost effective.



EDI 101

An introduction to HIPAA-compliant
electronic data interchange



Oregon Department of Human Services
Office of Medical Assistance Programs
April 2006



Health Services
Office of Medical Assistance Programs
500 Summer Street N.E., E 44
Salem, OR 97301-1079

**For more information about using electronic data
interchange, contact the OMAP EDI Support Team**

503-947-5347 or 1-800-422-5047, Option 2

Table of contents

| | |
|---|----------|
| Introduction | 1 |
| HEALTH CARE IN THE HIPAA ERA | 1 |
| CONTINGENCY PLAN | 1 |
| Overcoming barriers to EDI | 3 |
| BARRIER 1: INTERNET CONNECTION | 3 |
| BARRIER 2: COST OF APPLICATIONS | 3 |
| BARRIER 3: NOT KNOWING HOW TO BEGIN | 5 |
| Getting started | 6 |
| CHOOSE YOUR MEDIUM | 6 |
| SIGN A TRADING PARTNER AGREEMENT | 7 |
| BUSINESS-TO-BUSINESS TESTING | 7 |
| In production | 9 |
| SENDING CLAIMS ELECTRONICALLY FOR PAYMENT | 9 |
| REMITTANCE ADVICE | 9 |
| ELECTRONIC FUNDS TRANSFER | 10 |
| VERIFYING OHP CLIENT ELIGIBILITY | 10 |
| NATIONAL PROVIDER IDENTIFIER (NPI) | 11 |
| WHERE DO I GET AN NPI? | 11 |
| WHEN DO I NEED TO HAVE MY NPI? | 11 |
| DOES OMAP WANT MY NPI? | 11 |
| CAN I SEND MY NPI IN MY 837 CLAIMS? | 12 |

| | |
|--|-----------|
| TAXONOMY CODES | 12 |
| Finding technical assistance | 13 |
| DHS HIPAA WEB PAGES | 14 |
| GLOSSARY | 15 |
| GUIDELINES TO SELECTING TRANSACTIONS BY PROVIDER TYPE | 16 |

Introduction

Health care in the HIPAA era

When Congress passed the Health Insurance Portability and Accountability Act (HIPAA) in 1996, it changed the way the health care industry does business in the United States.

HIPAA Title I protects health insurance coverage for workers and their families when they change or lose their jobs.

Title II covers HIPAA administrative simplification. These provisions require the U.S. Department of Health and Human Services (DHHS) to establish national standards for electronic health care transactions and national identifiers for providers, health plans, and employers. It also addresses the security and privacy of health data.

Adopting these standards will improve the efficiency and effectiveness of the nation's health care system by encouraging the widespread use of electronic data interchange (EDI).

Contingency plan

The Oregon Department of Human Services (DHS) started converting the Office of Medical Assistance Programs' (OMAP's) business practices into the new, HIPAA-compliant, electronic formats at HIPAA's implementation. When Oregon could not comply with the original federal deadline for complete compliance in 2003, we signed a Contingency Plan with the DHHS Centers for Medicare and Medicaid Services (CMS) stating that Oregon DHS would be fully compliant by December 2005. Failure to switch from former electronic formats to the new secure formats would result in enormous consequences for DHS. The state

*DHS will be fully
HIPAA-compliant
by December 2005.*

would have to pay back 90 percent of the start-up money that CMS seeded us in 2003.

To achieve a working, compliant, electronic data interchange system on time, DHS encouraged our providers who formerly billed us electronically to also convert to HIPAA-compliant formats. DHS cannot continue to do business in the former electronic formats, (*e.g.*, the Host on Demand, Bulletin Board, or “O” screens). DHS is grateful to those providers who helped us test and implement the new systems. Most of those “pioneers” are successfully billing and receiving EDI payments. Now OMAP invites all its health care providers to join us on the journey into the electronic future.

Overcoming barriers to EDI

Barrier 1: Internet connection

Most of OMAP's communications and provider tools are posted to the DHS Web site. EDI transactions also require Internet access.

For several Oregon Health Plan (OHP) providers, Internet access is a barrier to conducting electronic business with OMAP. Some frontier counties didn't have Internet access as soon as the rest of the state. Several small medical offices don't think they can afford Internet access.

For other providers, the Internet has proved to be too big a temptation for a few employees. A handful of clinics have reported denying access to specific staff members because of inappropriate use of the Internet. Other offices have policies limiting Internet access during work hours.

In order to stay current, some providers subscribe to Internet service at home and bring OHP news or resources to work. Others depend on sister providers or other community partners to keep them in the loop.

Most providers are catching the wave of the future and using Web-based tools to conduct business and adjusting their policies accordingly. Private insurance companies have moved to HIPAA-approved electronic billing methods. Medicare is already requiring use of electronic data interchange (EDI) for processing their claims. Just as e-mail is replacing so many other types of business communications, EDI will eventually replace most paper transactions.

Barrier 2: Cost of applications

Admittedly, there is a start-up cost associated with either purchasing software or using billing services or clearinghouses. Some small medical/dental offices don't feel they can ever afford to invest in the computerized systems necessary.

Overcoming barriers

Why should I submit medical claims electronically?

It's faster, more accurate and cost effective than paper billing. It's the way of the future and the future is here!

Consider, however, the cost of billing on paper. Let's assume you've been billing OMAP with paper claims such as the CMS 1500, UB 92, or ADA forms. Do you know that it takes five times longer to process a paper claim than one submitted electronically? By the time someone fills out the form, prints and mails it, your office has invested an estimated \$4.60 for each claim. According to the New England Journal of Medicine, 43.7 percent of a physicians' professional gross income is paid out for billing expenses and overhead costs. After a paper claim leaves your office, it

may take several days to reach the correct unit within DHS. The Office of Forms and Documents Management receives an average of over 16,000 claims a week. Staff members are now pre-screening paper forms to be sure some basic information is entered in mandatory fields. If data is missing or incorrectly listed, they will return the form rather than entering the mistakes and omissions into the system to be denied.

Claims that pass the pre-screening are receipted, batched, scanned and many are manually keyed into the DHS Medicaid Management Information System (MMIS), allowing more potential for errors. Payment can be delayed for weeks if you send us a form containing missing or incorrect information. What you put on the form is what our data entry staff enters into our payment system. If claims are returned or denied because of human or system errors, the delays can cause serious cash flow problems, especially for small offices.

By contrast, electronic submissions identify missing data elements within minutes. If you enter your own data electronically, the software will prompt you when data is missing or entered in the wrong field. You can make corrections immediately and have instant notification that OMAP has accepted your claim. Thus, you have a better chance of getting a timely response. The department adjudicates most EDI claims within a week.

Over time, the cost savings in having a faster, more accurate claims payment system may outweigh the initial investment.

Barrier 3: Not knowing how to begin

Now let's assume you want to join the march into the future and you want to convert to electronic data interchange (EDI) formats. Many OHP providers agree that electronic billing is the way to go, but haven't a clue where to begin.

It's not a matter of filling out a CMS 1500 on your computer and e-mailing it to us. The security/privacy rules HIPAA put in place require coding the message before it's transmitted. The string of letters and figures looks like nonsense to the naked eye and must be decoded again at the other end.

Basically you have three options to do this: buy your own software; contract with a billing service or use a clearinghouse to do the coding (or translating) for you.

OMAP invited several dozen vendors to display their wares at an EDI Vendor Fair in July 2005. If you missed that opportunity, you may still request advertising materials from the EDI Outreach Team, 1-800-527-5772 or check the [DHS HIPAA Web pages](#). Several Web resources are listed in the [Assistance](#) section of this document.

Note: OMAP cannot endorse or recommend one company over another. You need to do your own market research before entering into any financial obligation.

I thought I was already communicating with OMAP electronically. Can I continue to use my present vendor?

Check with your vendor to see what accommodations you need to make for compliance with HIPAA regulations.

Getting started

Choose your medium

You have a choice of how you will send and receive electronic data. Because HIPAA requires secure transmissions to protect personal medical information, we can no longer use e-mail or old formats such as OMAP's Host on Demand, Bulletin Board, or the "O" screens) to exchange patient information. HIPAA calls for new ways of encrypting information, then translating it back into meaningful data at your end.

In order to participate in electronic exchanges with OMAP, either you need to:

- Contract with a clearinghouse that can translate your data into proper EDI format; or
- Hire a billing service that can appropriately process EDI transmissions for you; or
- Invest in HIPAA-compliant interface software installed on your computer(s) with Internet access.

If you have been doing business electronically by means that are no longer considered HIPAA-compliant, check with your current vendor or billing service to see if they offer other services that are compliant.

OMAP has advertising materials left over from the EDI Vendor Fair in addition to the list of clearinghouses that we can share with you. We do not endorse any vendors nor can we recommend one service over another. Contact the EDI team 1-800-527-5772 (toll-free inside Oregon) if you want to have the vendors' materials. See the list of vendors who registered for the fair on the [DHS HIPAA Web site](#). We can send you a list of questions to ask the vendors or you can read it online as well.

Sign a trading partner agreement

The second step is to sign a trading partner agreement (TPA) with DHS prior to testing your chosen system. The TPA is a contract designed to identify the two relationships DHS must understand: (1) who the provider or trading partner is and (2) who will be submitting and receiving the compliant transactions to DHS for payment or adjudication. Your office staff may want to make the eligibility or claim status inquiries, while your billing service handles the actual claims. That all needs to be reflected on your TPA.

You may download a copy of the TPA and its accompanying exhibits, called an [EDI registration packet](#), online. See the list of [Web addresses](#) at the end of this document. The department also answers some common questions about TPAs on its Web site.

Begin programming and testing

Depending on which medium you choose, you will either have to install software or learn to work with your new vendor or service provider. In any event, you will enter a training phase in your new means of billing. Admittedly, there's a whole new vocabulary (see the [Glossary](#)) to learn as well.

Business-to-business testing

Business-to-business (B2B) testing is just that your data system exchanging electronic data with our data system to complete a business transaction. OMAP has two compliance applications that are used during this phase: Specbuilder and Claredi. The two applications are used to validate structure and baseline compliance.

As with the third party testing, test files are sent for testing. OMAP will run the file through Specbuilder and Claredi edits. If it does not pass error free, the subsequent error information will be forwarded via e-mail to the submitter for correction and resubmission. If the file passes the structural

We're used to all the former terms and codes. How do we know what to call things now?

We have created several crosswalks and a glossary to help you convert. See the [Assistance](#) section, Page 14.

and data requirements, OMAP will process the file in our test environment and generate an error report that is forwarded to the submitter via e-mail.

If the file has an error rate of less than ten percent, the provider/submitter would be approved to move to a “production status.” That means the provider can start submitting claims to OMAP electronically.

If the file has an error rate greater than ten percent, the provider/submitter needs to review the error report, modify their system and resubmit test claims/transactions until the error rate is 10 percent or less.

In production

Sending claims electronically for payment

Once the provider achieves a production status in the B2B testing phase, OMAP will send an invitation to begin sending claims for EDI processing. You will no longer be using “forms” now; instead, you’ll be sending and receiving electronic “transactions.” The equivalent [form/transaction chart](#) follows the glossary.

As of this writing, OMAP is exchanging the following transactions electronically with OHP providers:

- 837 professional, institutional, and dental claims
- 835 remittance advice
- 270/271 eligibility inquiry/response (one at a time instantly or in batches within 24 hours)
- 276/277 claim status inquiry/response (one at a time instantly or in batches within 24 hours)
- Coordination of benefits or crossover claims
- Electronic funds transfers

Remittance advice

The electronic remittance advice (RA) is called an 835 transaction. You’ll notice that the CMS remittance advice reason codes are different than OMAP’s paper RA codes. You can obtain a list of CMS codes on the [Washington Publishing Web site](#). (URLs referenced throughout this document are listed in the [Assistance](#) section.)

If you submit claims solely on paper, you will continue to receive paper RAs from us. New electronic submitters will receive both an electronic 835 and a paper RA so providers can get used to the new system. By the end of 2005, however, OMAP must stop sending non-compliant paper RAs to

electronic submitters. So it's to your advantage to start using EDI soon in order to take advantage of the dual RA system.

You can designate in your Trading Partner Agreement who will receive the RAs—you or your billing provider or clearinghouse.

Electronic funds transfer

OMAP encourages all providers to take advantage of the direct deposit option, or electronic funds transfer (EFT), which transmits payment right into the business bank account you designate. The application form for EFT is also available on the [OMAP Web site](#) under the EFT heading. Please submit to OMAP the completed form along with a cancelled check or verification letter from your bank and an original, authorized signature (*i.e.*, no signature stamps or faxed copies).

Verifying OHP client eligibility

There are multiple ways to check client eligibility for Oregon Health Plan (Medicaid) services:

- Look at the dates of coverage on the client's OMAP Medical Identification or temporary ID
- Call the free Automated Information System (AIS)¹ on your touch-tone phone or use the Web-based (Internet)² version
- Invest in Electronic Eligibility Verification Services (EEVS)³ from an OMAP-contracted vendor
- Call the client's DHS branch office⁴
- Send a 270⁵ eligibility query transaction electronically

¹ AIS phone access is 1-800-522-2508.

² AIS Web-based registration is online at <https://register.fhsc.com/webreg/>.

³ Vendors listed at www.oregon.gov/DHS/healthplan/tools_prov/electronverify.shtml.

⁴ The worker's code and phone number are Fields 5-6 on the OMAP Medical ID.

⁵ See the EDI glossary in [Assistance](#) section below.

National provider identifier (NPI)

The Administrative Simplification provisions of HIPAA mandated the adoption of standard unique identifiers for all health care providers. The purposes of these provisions are to improve the efficiency and effectiveness of the electronic transmission of health information. The NPI numbers are ten digits in length and have no embedded intelligence. They were created to replace all unique numbers that have been assigned by payers, such as OMAP's six-digit provider number for covered entities.

Where do I get an NPI?

The Centers for Medicare and Medicaid Services (CMS) established the National Plan and Provider Enumeration System (NPPES) to assign these unique identifiers. You may apply online by logging onto the [CMS Web](#) site or print out the application you find there and mail it in. Please follow the directions on their Web site to complete the application.

On May 23, 2005, health care providers began submitting applications to CMS to receive an NPI.

When do I need to have my NPI?

You will need to check with each of the payers you bill, for their specific implementation dates. Payers are phasing in the NPI at different times. OMAP will not require NPIs until CMS's May 23, 2007, deadline. However, if you are a small health care provider, you might be subject to a later deadline of May 23, 2008. Please refer to the rules within the [Federal Register](#) to determine your specific status.

OMAP will not require use of NPIs until May 23, 2007

Does OMAP want my NPI?

Yes, OMAP is now collecting NPIs. Once you have received an NPI, contact the DHS EDI Registration Unit at (503) 947-5347. Please include your OMAP provider number, NPI and the taxonomy code(s) you selected.

Can I send my NPI in my 837 claims?

OMAP will accept the NPI in the 837 claims transactions; however, you also need to include your OMAP six-digit number until the implementation date of May 23, 2007. Please refer to the [Companion Guides](#) available on our Web site for more information.

Taxonomy codes

When you apply for an NPI, CMS will require you to choose a taxonomy code. The taxonomy codes divide health care providers into groupings by type, classification, and specialization, and then assign a code to each group. The taxonomy codes consist of two categories: individuals (*e.g.*, physicians) and non-individuals (*e.g.*, ambulatory health care facilities).

All codes are alphanumeric and ten characters in length. These codes are not “assigned” to health care providers; rather, physicians and other providers select the taxonomy code(s) that most closely represents their education, license, or certification. In cases when more than one taxonomy code applies, a payer may prefer that the health care provider use one rather than another when submitting claims for certain services.

OMAP will create a crosswalk between each provider type currently in our system and a taxonomy code, or codes, that will ensure accurate and appropriate claims processing for payment. Once this is done, OMAP will publish contact information to assist you, if you wish, in determining which taxonomy code(s) to use.

Finding technical assistance

We realize you'll have questions.

The department has staff ready to advise you at every step of the way. Among other things, the EDI Team implemented use of HIPAA transactions and code sets; they defined and listed transactions; defined

OMAP Contacts

**EDI Support Team, 503-947-5347
or 1-800-422-5047, Option 2**

or e-mail us at

dhs.hipaatesting@state.or.us

**Provider Services, 1-800-336-6016
OMAP.prov-callcenter@state.or.us**

and listed code sets found on the Web. They conduct third-party testing and monitor the

The **EDI Outreach, Testing and Registration Team** oversees the registration process. They help you complete your Trading Partner Agreements and check

other documentation. They are first in line for calls and e-mails from providers in the testing phase.

This team also contacts providers to introduce them to HIPAA-compliant electronic data interchange at OMAP via letters, phone calls, and face-to-face meetings. They have conducted staff and provider trainings and are on hand to answer your continuing questions about EDI.

Provider Services staff can help answer questions about general OMAP policy, procedures and problem claims.

HIPAA Web pages


| | |
|--|---|
| OMAP Intro to EDI | http://egov.oregon.gov/DHS/admin/hipaa/edi.shtml |
| OMAP Companion Guides & Manuals | http://www.oregon.gov/DHS/admin/hipaa/guides_man.shtml (includes crosswalks & individual transaction requirements) |
| OMAP EDI Trading Partner Agreement Packet | http://www.oregon.gov/DHS/admin/hipaa/testing_reg.shtml (contract with OMAP to conduct electronic business) |
| Links for resources & links outside DHS | http://www.oregon.gov/DHS/admin/hipaa/links.shtml |
| OMAP HIPAA Reports, Publications & Monthly Updates | http://www.oregon.gov/DHS/admin/hipaa/publications.shtml |
| Washington Publishing | http://www.wpc-edi.com/hipaa/HIPAA_40.asp (implementation guides & HIPAA code lists) |
| Clearinghouses | http://www.dhs.state.or.us/admin/hipaa/clearinghouses.pdf |
| EDI vendors | http://egov.oregon.gov/DHS/admin/hipaa/links.shtml#orglinks |
| CMS NPI registration site | https://nppes.cms.hhs.gov/NPPES/Welcome.do . |
| OMAP Electronic Funds Transfer (EFT) registration form | http://oregon.gov/DHS/admin/hipaa/edi.shtml |
| Federal Register | http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2004/pdf/04-1149.pdf |

Glossary

| GLOSSARY OF ELECTRONIC BUSINESS TERMS | |
|---|--|
| Health Insurance Portability and Accountability Act (HIPAA) | Federal legislation governing healthcare electronic billing submissions and responses that went into effect 10/16/2003 |
| Trading partner | Provider, clinic, prepaid health plan or allied agency conducting electronic business (with OMAP) |
| Trading partner agreement (TPA) | Binding agreement between Oregon Department of Human Services (DHS) and any trading partner |
| Electronic data interchange (EDI) | The exchange of business documents from application to application and among trading partners in a standardized format |
| EDI Submitter | The trading partner that establishes an electronic connection with DHS to submit/receive an electronic data transaction on behalf of a trading partner |
| Electronic funds transfer (EFT) | Direct deposit of payment into a provider's bank account |
| National Provider Identifier (NPI) | A single, national identifier assigned by CMS to all health care providers. |
| Registered transaction | HIPAA-compliant electronic exchanges replacing forms, verifications, claim queries and responses, etc. |

Get started at
http://www.oregon.gov/DHS/admin/hipaa/testing_req.shtml

| Former name | Electronic transaction equivalent | Description |
|------------------------|--|--|
| CMS 1500 | 837 P (professional) | Medicaid health care billing |
| OMAP 505 | 837 P | |
| UB 92 | 837 I | |
| ADA | 837 D (dental) | |
| | 270/271 (batch requests or single query) | Eligibility verification |
| | 276/277 (batch requests or single query) | Claim status |
| Remittance advice (RA) | 835 | Explanation of how a claim was processed; no more EOBs |

QUESTIONS?
 **Call the OMAP EDI Support Team 1-800-422-5047, Option 2**

Guidelines to selecting transactions by provider type

This table was created to help each provider choose the appropriate transactions for your provider type. If you have any questions, please contact the testing team.

√ = MUST be selected O = Optional section X = strongly encouraged

| Provider type | 270 | 271 | 276 | 277 | 820 | 834 | 835 | 837P | 837 I | 837 D | NCPDP |
|---------------|-----|-----|-----|-----|-----|-----|-----|------|-------|-------|-------|
| AA | X | X | X | X | | | X | √ | | | |
| AM | X | X | X | X | | | X | √ | | | |
| AS | X | X | X | X | | | X | √ | | | |
| BC | X | X | X | X | | | X | √ | | | |
| BP | X | X | X | X | | | X | √ | | | |
| CP (DCO) | X | X | X | X | √ | √ | √ | | | √ | |
| CP (CDO) | X | X | X | X | √ | √ | √ | √ | | | |
| CP (MHO) | X | X | X | X | √ | √ | √ | √ | O | | |
| CR | X | X | X | X | | | X | √ | | | |
| DC | X | X | X | X | | | X | √ | | | |
| DM | X | X | X | X | | | X | | | √ | |
| DO | X | X | X | X | | | X | √ | | | |
| DS | X | X | X | X | | | X | √ | | | |
| DT | X | X | X | X | | | X | √ | | | |
| FC | X | X | X | X | | | X | √ | | | |
| HE | X | X | X | X | | | X | √ | | | |
| HI (FCHP) | X | X | X | X | √ | √ | √ | √ | √ | | √ |
| HI (PCO) | X | X | X | X | √ | √ | √ | √ | √ | | √ |
| HO | X | X | X | X | | | X | | √ | | |
| HP | X | X | X | X | | | X | √ | | | |
| IH | X | X | X | X | | | X | √ | | | |
| KD | X | X | X | X | | | X | √ | | | |
| MD | X | X | X | X | | | X | √ | | | |
| MM | X | X | X | X | | | X | √ | | | |
| NA | X | X | X | X | | | X | √ | | | |
| ND | X | X | X | X | | | X | √ | | | |
| NM | X | X | X | X | | | X | √ | | | |
| NP | X | X | X | X | | | X | √ | | | |
| OD | X | X | X | X | | | X | √ | | | |
| OP | X | X | X | X | | | X | √ | | | |

| Provider type | 270 | 271 | 276 | 277 | 820 | 834 | 835 | 837P | 837 I | 837 D | NCPDP |
|---------------|-----|-----|-----|-----|-----|-----|-----|------|-------|-------|-------|
| OT | X | X | X | X | | | X | √ | | | |
| PB | X | X | X | X | | | X | √ | | | |
| PH | X | X | X | X | | | X | √ | | | |
| PX | X | X | X | X | | | X | √ | | | |
| PY | X | X | X | X | | | X | √ | | | |
| RA | X | X | X | X | | | X | √ | | | |
| RN | X | X | X | X | | | X | √ | | | |
| RT | X | X | X | X | | | X | √ | | | |
| SH | X | X | X | X | | | X | √ | | | |
| SM | X | X | X | X | | | X | √ | | | |
| ST | X | X | X | X | | | X | √ | | | |
| TC | X | X | X | X | | | X | √ | | | |
| WC | X | X | X | X | | | X | √ | | | |

There are several other provider types that submit claims to DHS/OMAP for payment, but DHS is not ready to support their claims in the 837 transaction format. This situation does not disallow these providers from requesting the 270/271 and/or the 276/277 transactions:

| Provider type | Provider type description |
|---------------|-----------------------------|
| EC | Extended Care Facility |
| GH | Group Care Home |
| HA | Home for the Aged-ICF |
| LF | Assisted Living Facility |
| MS | ICF/MR |
| NF | Nursing Facility |
| SL | Specialized Living Facility |