ELECTRONIC TRANSACTIONS...

IT'S EASIER
THAN YOU
THINK

HIPAA
Health Insurance Portability and Accountability Act
TRANSACTIONS AND CODE SETS 837 & 835

Preparing to Test the 837　　　　　　　　　　　　　　　　　　　　**Issue #2**

click here for a
printer-friendly version

- Overview
- What Is EDI and How Is EDI Standardized?
- What Is the 837?
- Software Requirements
- Get Implementation Guides and Addenda
- Establish a Relationship with the insurer
- Resources
- Where Are We Now?
- Summary

Get Adobe Reader Acrobat Reader required to view Quick Reference Guide

This e-mail newsletter, **Preparing to Test the 837**, is the second in the series *Electronic Transactions…It's Easier Than You Think*. Electronic Transactions not only make good business sense but they are also the law. Therefore, IHS is producing detailed and simple-to-use training materials to help you successfully meet the requirements for HIPAA electronic transactions and code sets. To review the previous newsletter, click here.

The *Electronic Transactions* series includes an introductory newsletter and four topic newsletters:

- Preparing to Test the 837
- Testing the 837
- Reading 837 Error Reports and Making Corrections
- Testing and Posting the 835 Remittance

This newsletter addresses the topic, Preparing to Test the 837, which is particularly relevant for people in the Business Office. To learn all you need about preparing for testing:

- Read this newsletter to get an overview of the topic.
- Study the accompanying PowerPoint presentation for more in-depth coverage of the topic.
- Use the Working With the 837 Transaction Quick Reference Guide to review key information.

Overview

Before beginning to test the electronic transactions process, certain preparations must be made.

- You must have installed the required software modifications.
- You must obtain the appropriate ASC X12N Implementation Guides and Addenda.
- You need to establish a relationship with your insurers, if you don't already have one.

What Is EDI?

You may already be familiar with the term EDI. If you aren't, you need to learn it because you will hear it often.

Electronic Data Interchange or EDI is the computer-to-computer exchange of business data between trading partners. In EDI, information is organized according to a specified format set by both parties. All information contained in an EDI transaction set is, for the most part, the same as that on a conventionally printed document.

How Is EDI Standardized?

Standards for EDI relating to health care claims are developed and maintained by the Accredited Standards Committee (ASC) X12. ASC X12 was chartered in 1979 by the American National Standards Institute (ANSI) to develop uniform standards for inter-industry electronic exchange of business transactions.

The ACS X12 Insurance Subcommittee (X12N) developed Implementation Guides that were originally published in May 2000. These Implementation Guides were adopted by the Secretary of the Department of Health and Human Services for use under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). In October 2002, additional guidance was developed and Addenda to the X12N Implementation Guides were adopted for use under HIPAA.

Benefits of EDI
EDI reduces costs, improves accuracy, and increases productivity. • Lessens the time and costs associated with receiving, processing, and storing documents • Eliminates inefficiencies • Streamlines tasks

What is the 837?

The 837 format replaces current electronic export modes in RPMS 3rd Party Billing System. The full name of the 837 is the Health Claims & Equivalent Encounter Information. The definition of the 837 as it appears in the 837 Implementation Guide is as follows:

"A standardized format designed to expedite the goal of achieving a totally electronic data interchange health encounter/claims processing and payment environment."

The current HIPAA compliant version is the ANSII Standard X12N 837 Version 4010 with Addenda (004010X096A1).

Types of 837 Electronic Claims

The 837 format encompasses four different types of electronic claim forms. This chart highlights the differences between the four types.

837 Type	Acronym	Use
837 - Institutional	837I	Equivalent of existing UB-92
837 – Professional	837P	Replaces electronic HCFA-1500
837 – Dental	837P	Replaces existing electronic ADA forms

837 – Coordination of Benefits	837-COB	Used for sending claims to secondary insurers

Coordination of benefits is also called cross-over. It is the process of determining the respective responsibilities of two or more health plans that have some financial responsibility for a medical claim.

Software Requirements

There are minor modifications that must be made to RPMS before 837 claims processing testing can begin. The following patches must be obtained from OIT and installed.

Transaction	Tool
837-Third Party Billing Generic Interface Software (GIS)	GIS v3.01, p2 & p5 (Optional)
837-Third Party Billing Institutional, Professional and Dental Claim Requests	3rd Party Billing, v2.5, p6 Tested and certified by many different insurers. For more information, contact the OIT Help Desk.
837-Third Party Billing Provider/Location Taxonomy	AUT Patch v98.1, Patch 13

* Contact OIT Help Desk to verify that these are the most current releases.

Get Implementation Guides and Addenda

What is an Implementation Guide?

Implementation Guides are the main support tool for interpreting electronic transactions - in this case the 837. As mentioned above, the ACS X12 Insurance Subcommittee (X12N) developed Implementation Guides for the standards for health care electronic transactions. **The X12N HIPAA Implementation Guides and Addenda should be your primary reference documents.**

Three 837 Implementation Guides and Addenda
● 837: HIPAA Claim: Dental ● 837: HIPAA Claim: Institutional ● 837: HIPAA Claim: Professional

How do you get an Implementation Guide?

Washington Publishing Company publishes the output from the Insurance Subcommittee, X12N. All X12N Implementation Guides adopted for use under HIPAA and their corresponding Addenda are free when downloaded at http://www.wpc-edi.com/. If you prefer, you can purchase a book or a CD. (See sidebar for more information.)

NOTE: The Implementation Guides and the Addenda are separate documents. Washington Publishing Company has created combined guides incorporating the Addenda into the Implementation Guide. These are available for a small fee.

<table>
<tr><td>Get Implementation Guides and Addenda</td></tr>
<tr><td>Download guides at <u>http://www.wpc-edi.com/</u>. Click on Products/ Publications/ PDF Download (Free).
Order guides online or call 1-800-972-4334.</td></tr>
</table>

Become familiar with the Implementation Guides and Addenda.

<table>
<tr><td>Don't Cut Corners!</td></tr>
<tr><td>The Implementation Guides and Addenda are critical tools. You need to have hard copies of them. Keep them where you use them.

The Guides are long (as much as 768 pages). Download the Guides and Addenda at a slow time and print them double-sided.</td></tr>
</table>

These are large, technical documents but you will need them. Print out the Implementation Guides and Addenda. Become familiar with their contents and keep them where you can find them.

For more important information about Implementation Guides and Addenda, <u>click here</u> and view slides 17-35.

Establish a Relationship with the Insurer

The process for testing and producing electronic transactions is not automatic. It will require commitment and effort on your part to follow through and make it work. But it is not that complicated. It really is "easier than you think."

Get to know the health plan or insurer.

One critical part of making it work is getting to know your insurer. Any relationship is easier when there is good communication. Knowing whom you will be working with and what you are trying to accomplish together makes the road a lot smoother.

If you haven't already done so, identify the individual you will be working with through this process and get to know him/her. You want to be able to pick up the phone should there be a problem and talk with the person who can work it out. This is easiest to do if the person on the other end is someone you know.

Determine that the health plan or insurer is ready for HIPAA compliance. Find out what their expectations are of your facility. For more important information about getting to know the health plan or the insurer, <u>click here</u> and view slides 31-34.

Complete EDI forms.

Your insurer may require you to complete Electronic Data Interchange (EDI) forms in order to begin testing and transmitting electronic transactions. Each EDI form should be detailed down to the transaction level that that you will be testing with that insurer. The insurer will assign an EDI submitter ID number based on the completion of these forms.

Two Levels of Testing
The testing process occurs in two phases. You must pass Level 1 before you can test for Level 2. • Level 1: Verifying that your software is HIPAA compatible and that you and the insurer can communicate on the coding and transactions • Level 2: Verifying that you are meeting the insurer's coding and transaction requirements that are not specifically determined by HIPAA.

Request a Companion Guide.

Many insurers have a Companion Guide. This guide is the insurer's operating guide to electronic transactions. It tells you how to send electronic transactions so that they will pass the testing - both Level 1 and Level 2. Level 1 testing will verify the standard HIPAA format. Level 2 testing will test for insurer specific data. If appropriate, you may want to ask the insurer to provide training about their company's specific electronic transaction requirements for your staff.

If your insurer has a Companion Guide, get it and review it in depth. Ask OIT to review it. For more important information about the Companion Guide, click here and view slides 37-40.

Complete a Trading Partner Agreement or Business Associate Agreement.

Determine if your health plan or insurer has a Trading Partner Agreement (TPA) or a Business Associate Agreement (BAA). If so, request a copy and begin obtaining the necessary signatures. Allow plenty of time for signature completion. To complete the agreement, you must get a trading partner identification number from your insurer.

NOTE: Don't complete this agreement until you are ready to begin testing. The agreement may stipulate dates for beginning or completing testing.

For more important information about TPAs and BAAs, click here and view slides 46-49. Click here for sample agreements.

Resources

IHS HIPAA website
Implementation Guides and Addenda

Where Are We Now?

IHS tracks the testing status of business transactions. To see the current testing status, click here.

Summary

This newsletter is one in a series of six on the topic "Electronic Transactions . . . It's Easier Than You Think." Each of the newsletters is associated with a PowerPoint presentation expands on the contents of the newsletter in a format that supports self-paced or group training. Even greater technical detail is presented in two Quick Reference Guides: "Working with the 837 Transaction" and "Working with the 835 Remittance Advice." Electronic versions of these materials are available on the IHS Electronic Transactions website at www.ihs.gov/AdminMngrResources/HIPAA/index.cfm. A training resources binder includes printed copies of these materials and a CD-ROM with electronic copies of the files.

Get Adobe Reader Acrobat Reader required to view Quick Reference Guide