


# IT'S EASIER THAN YOU THINK



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Acrobat Reader required to view Quick Reference Guide

This e-mail newsletter, **Testing and Posting the 835 Remittance Advice**, is the fifth 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 four newsletters, [click here](#) for Newsletter #1, [click here](#) for Newsletter #2, [click here](#) for Newsletter #3, or [click here](#) for Newsletter #4.

The *Electronic Transactions* series includes the following:

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

In the previous newsletters you learned about the 837 electronic claims: how to get ready for the testing process, how to complete testing and begin production, and how to read error reports and make corrections. In this newsletter you will learn about the 835 electronic remittance advice: how to complete testing and begin production, the importance of tracking the payment, how to retrieve the file, how to load and view the file for batching, and how to process the file in Accounts Receivable.

### A New Favorite Place

Become familiar with IHS' HIPAA web site at <http://www.ihs.gov/AdminMngrResources/HIPAA/index.cfm>. In particular, you will want to know what is in the Electronic Reading Room.

This newsletter is particularly relevant for people in both the Business Office and the Finance Office. To learn about the 835 electronic remittance advice:

- Read this newsletter to get an overview of the topic.
- Study the accompanying [PowerPoint presentation](#) for more in-depth coverage of the topic.
- Print and keep handy the [Quick Reference Guide](#) to review key information as you work. ([Download Acrobat Reader](#))

## Overview of the 835 Transaction

The 835 transaction is the HIPAA-compliant format that allows for receiving third party reimbursement payments and adjustment information in an electronic format. The full name is the Health Care Payment & Remittance Advice. It is known as the Electronic Remittance Advice or ERA. The current HIPAA-compliant version of this transaction is ANSI Standard X12 835 Version 4010 Addenda A.

The ERA is retrieved and posted electronically into RPMS system by batch mode. This allows for faster and more accurate posting of payments. The 835 contains the standard adjustment reason and remark codes as well as the NCPDP Reject/Payment codes. These codes can be posted directly into RPMS. A standard practice is to not allow denied claims to be auto-posted as it may negatively affect the balance of a claim. RPMS allows you to set them to "not to post" and generate a report for follow up.

ERAs are retrieved from insurers either via a web download process or by FTP/modem into the RPMS Accounts Receivable Application. The files are then batched and posted based on the facility's local procedures. Payment or adjustments can be rolled back to the Third Party Billing package in RPMS and, where appropriate, the software looks for secondary payment sources.

Once posted, the ERA must be reconciled with the payment received.

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## A Word About HIPAA-Compliant Accounts Receivable Codes

### Standard Adjustment Reason Codes

To meet HIPAA rules, each insurer is required to recognize the Standard Adjustment Reason Codes (also called Claims Adjustment Reason Codes) table for implementing 835 ERAs. This table standardizes posting and denial codes.

It is strongly recommended that sites no longer create or use local codes within the RPMS Accounts Receivable package. In the past, the RPMS Accounts Receivable package allowed sites the opportunity to add new codes specific to their sites. With the use of the 835 ERA, these site-specific codes must be mapped to the Standard Adjustment Reason Codes.

IHS OIT has mapped the HIPAA-compliant Standard Adjustment Reason Codes to RPMS. In doing so, several hundred RPMS types were added. Adjustment codes were given a 600 or a 700 number. Local codes are 1000 and above.

### NCPDP Codes

The National Council for Prescription Drug Programs (NCPDP) Reject/Payment Codes apply to pharmacy claims.

### Remittance Advice Remark Codes

Remittance Advice Remark codes are used within the 835 transaction to convey information about remittance processing or to provide a supplemental explanation for an adjustment already described by a Claim Adjustment Reason code. This is an industry code list that

is normally used by Medicare Fiscal Intermediaries.

Periodically, these code sets are updated by the Washington Publishing Company. RPMS Accounts Receivable will be modified to include the updates.

See the [Accounts Receivable Version 1.7 Patch 5 User Manual](#) for the following:

- Appendix A: Table that maps HIPAA Standard Adjustment Reason Codes to RPMS
- Appendix B: Remittance Advice Remark Codes and their descriptions
- Appendix C: NCPDP Reject/Payment Codes

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## Before You Get Started

Since 835 ERAs are now electronic and there may not be a hard copy available, it is recommended by those sites who are already processing 835 ERA files that each site keep a log of 835 ERA files and steps completed. There are two important reasons for this:

- There is a lot to remember and it is easy to forget a step.
- RPMS assigns a 4-digit number to the file when it is imported. This 4-digit number is utilized throughout the 835 ERA auto-posting process. You need to be able to associate the two files to recall downloading and importing system problems that may occur.

See an example of a [Log Sheet](#). ([Download Acrobat Reader](#))

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## Set Up an Electronic Process with Your Insurers

Just as with the 837, you must test the 835 process before you can begin production. (See the following sections in Newsletter #2: *Establish a Relationship with the Insurer* and Newsletter #3: *Test Mode*.)

To begin the testing process of the 835, contact the Electronic Data Interchange or EDI department of the insurer. After contact is made, request guidance on the procedures and the documentation requirements that will need to be completed prior to receiving files. Determine test and production requirements. Complete the required applications.

[The Quick Reference Guide](#) provides the procedures for three major insurers: Trailblazer Medicare Part A, Trailblazer Medicare Part B, and PNC Bank. The procedures for other insurers may be different. Contact your local Area IT support system or IHS OIT to see if those insurers have already been tested with RPMS and what steps should be followed.

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## Set Up RPMS

In order to get started with the 835 transaction, you will need to make sure that your site has the minimum requirement of the RPMS Accounts Receivable V1.7 patch 5 or the latest release installed. Check locally with your facility Site Manager to determine which version and patch you have installed.

To begin receiving electronic 835 files, the RPMS Accounts Receivable application will require a one-time setup through the Site Parameter Menu. For instructions on how to do this, see the [Quick Reference Guide](#).

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## Retrieve the 835 ERA File From the Insurer

Using the procedures established with the insurer, check regularly to retrieve 835 ERA files. Every other day is suggested except for the last week of every month, which could be a daily process to allow time for month-end reconciliation.

For instructions on how to retrieve files from Trailblazers and PNC Bank and where to put them on your system, see the [Quick Reference Guide](#).

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## Load and View the 835 ERA File for Batching

Once retrieved from the insurer, electronic 835 ERA files are processed through the A/R Menu option. The following steps create the batched files to send to Finance.

### 1. ERA, NEW (to load the imported file from the established secure directory into RPMS)

This step imports the file received into the proper readable 835 claim format for the RPMS Accounts Receivable software to read it.

If the file being imported is not a HIPAA-compliant 835 file, an error message will display and the file will not load. The system will display, "The File xxx in directory (XX) is not a HIPAA compliant 835 Remittance Advice. It cannot be loaded."

If the file is acceptable, RPMS will assign it a 4-digit file name. **Write this number in your log. You will have to use this 4-digit number throughout the 835 auto-posting process.** The system will then import the file into RPMS. There are four stages to this process. The import process cannot be interrupted or the accuracy of the file may be corrupted.

For specific instructions on how to load the imported file into RPMS, see the [Quick Reference Guide](#).

### 2. ERA, RPT (Generating claims reports)

The ERA Claims Report option displays a claim report for a selected check of an 835 file. This option for claim information is used for providing reports for batching purposes, for auto-posting, and for reviewing appropriate close out of claims listed under the "Not Match or Match" side of the report.

You enter the list of Claim Status(s) you desire to print and the sequence in which they should be printed out. See the box for the claim status choices and an example of how you identify the sequence.

Claim Status(s) and Printing Sequence		
C - Claim Unmatched	R - Reason Unmatched	N - Not to Post
M - Matched	P - Posted	X - Claim & Reason Unmatched
A - All Categories		
Example: CRXN		

You then select the type of report you want: D- Detail, B- Brief, or S- Summary.

For batching purposes, it is best to provide this type of report: "A" (All Categories) and "D" (Detail). If any claims are unmatched, you are able to print a report, research the information, and then manually post these claims.

## Set Denials and Partial Payments to "Not to Post"

Denials and partial payments are set to "Not to Post" for several reasons:

- Inappropriate close outs
- Differences between the amount the insurer closed them out to and the A/R facility-approved close out
- Inability to reverse a close out due to the A/R RPMS version installed

For specific instructions on how to generate and review reports, see the [Quick Reference Guide](#).

### 3. **ERA, View** (File header information)

You must view the header information that was imported in order to verify Total Provider Payment, Check Issue/EFT Effective (Date), Check or EFT Trace Number (Check #), and Reference Identification (Provider #).

The information in this header file only shows what is located on the Paper Remittance Advice in the header information section.

The header information may vary from insurer to insurer, as each may populate this data differently. However, at a minimum, you must find the following information:

- Total Provided Payment
- Check Issue/EFT Effective (Date)
- Check or EFT Trace Number (Check #)
- Reference Identification (to show proof of the location of the deposit)
- Penalty amounts taken (total amounts only show)

#### File Header Information

- Number of claims in file
- Payment amount
- Check/EFT numbers
- Payee and provider information
- Control numbers
- Provider-level corrections
- Any interest payments or penalty adjustments

Your file header information is very useful when it comes to providing the report to Finance for batching. You can only capture this report by screen-printing the necessary data information. You can print the whole "View" report but it becomes lengthy and is unnecessary.

For specific instructions on how to view the imported file's header information, see the [Quick Reference Guide](#).

### 4. **Batching** (Assemble the files)

In order to auto-post successfully, Finance needs the paper Remittance Advice, the 835 Report, and the PNC Daily deposit to batch. The Business Office provides a printed RPT and VIEW report for Finance for batching. Note: Finance does not have the capability to retrieve this data information electronically.

To batch, checks **MUST** be entered into the Accounts Receivable RPMS Collection Point, establishing a Collection Batch and Item #. The check number, payer name, and dollar amount will tie this remittance advice to an A/R Collection Batch.

Your facility should have pre-defined procedures for creating batches. The process for creating a Collection batch remains unchanged for the 835 ERA file posting.

For additional instructions on assembling files for batching, see the [Quick Reference Guide](#).



**If an 835 file is downloaded before batching the payment, the ERA Review and ERA Posting options will not allow the EDI file to identify a unique payment batch for posting. In other words, the files will not tie together.**

## Process the 835 ERA File in Accounts Receivable

When you receive the batch from Finance, you review it. You verify that the balance available is still outstanding and you highlight any claims that you do not wish to post. It is best to set the following claims as "Not to Post":

- Zero payments
- Negative payments
- Unusual close outs
- Cross over payments that involve a "B" or "C" claim (the auto-posting will post the payment into the primary claim and set the balance off)

Then you proceed with the following steps.

### 1. ERA, REV (to review postable claims)

**RPMS will not let you auto-post without going through this process first.**

Before the 835 ERA file is auto-posted, the claims are viewed first to ensure that the claims you want auto-posted say "Postable" and to change those you do not want auto-posted to say "Not to Post."

This option displays only the claims that match an Accounts Receivable bill number. You can only view matched claims. If a claim number could not be matched to a bill number, these claims will not be shown and cannot be auto-posted. These unmatched claims are usually because the payment belongs to another facility, the claim number information is not separated by dashes, or dates of service do not match.

Since it is possible that the 835 EDI file may contain more than one Check/EFT number, this option is check number specific. It lists each check number individually. The system automatically matches the Check/EFT numbers to the Collection Batches/Items. If more than one match is found, the system will prompt the user to make a batch selection.

You should scroll through all the claims to validate their accuracy. If there are claims that should not be posted, change the claim status to "Not To Post" so it can be manually posted later through the regular A/R, PAY menu.

For specific instructions on how to review postable claims, see the [Quick Reference Guide](#).

### 2. ERA, PST (Initiate the auto-post)

The Post ERA Claims option posts the payment amounts in an imported and loaded file to the matching Accounts Receivable bills and displays the information that is relevant to the batch and the posting results of the file.

The PST screen displays reviewed checks. For the check selected, you will want to make sure that the file matched with what was batched: Check/EFT numbers, batch name, and item numbers assigned to the check number and the amount. If nothing matches, then this is a sign that there is a system problem due to your version of RPMS. You will need to manually post your batch.

During auto-posting, if the system detects that posting to a bill will "Result in a negative balance" in the RPMS system, a warning message will display and prompt the user to choose whether or not to post that bill.

In addition, if the ERA file contains a claim that has been cancelled in RPMS Third Party billing, the bill will not be matched and cannot be posted electronically. The system will flag the user to make a decision on whether the claim should be manually



posted or not.

Set an appropriate time for auto-posting. Only one user can auto-post at a time. If more than one user tries to access the same claim within the file, RPMS will automatically go into an error mode and sign off all users. Good communication is essential.

For specific instructions on how to post a payment batch, see the [Quick Reference Guide](#).

### 3. **Roll Back** bills to a third party

Rollback must be done every time auto-posting is done. This Master Menu option rolls back updates to the Third Party Billing package for all posted accounts whose balances are now zero (0). With this rollback information on accounts, the Third Party Billing software looks for secondary payment sources.

This option will roll back 50 bills at a time. If your facility does not roll back payments on a timely basis, the older paid bills will be rolled back first.

#### RPMS Info

The date the rollback occurs is the date reflected as the paid date in the Third Party Billing package.

For specific instructions on how to use this Master Menu option, see the [Quick Reference Guide](#).

### 4. **Delete** the downloaded file from your established directory when you are done. These are large files and will quickly fill up the space on your drive.

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## Resources

[IHS HIPAA website](#)

[Implementation Guides and Addenda](#)

[Resource and Patient Management System Accounts Receivable \(BAR\) User Manual](#)

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## Where Are We Now?

IHS tracks the testing status of business transactions. To see the current testing status, [click here](#).

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## 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](http://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.

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