

Preparing for Electronic Data Interchange (EDI) Standards: The Transition to Versions 5010 and D.0

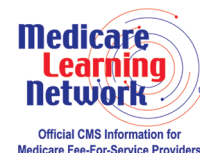
The Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires the Secretary of the Department of Health and Human Services (HHS) to adopt standards that covered entities must use when electronically conducting certain health care administrative transactions, such as claims, remittance, eligibility, claims status requests, and responses. The current versions of the standards for health care transactions lack certain functionality required by the health care industry.

On January 16, 2009, the HHS Administration published a Final Rule that replaces HIPAA Accredited Standards Committee (ASC) X12 Version 4010A1 with ASC X12 Version 5010 and National Council for Prescription Drug Programs (NCPDP) Version 5.1 with NCPDP Version D.0. Therefore, it is necessary for covered entities to prepare for these new standards in order to continue submitting claims electronically. This fact sheet provides information on what covered entities can do to prepare for the transition to ASC X12 Version 5010 and NCPDP Version D.0.

Who Needs to Prepare for the Transition to Versions 5010 and D.0?

HIPAA covered entities affected by the transition to Versions 5010 and D.0 include the following:

- Providers, such as physicians, alternate site providers, rehabilitation clinics, and hospitals;
- Health plans;
- Clearinghouses; and
- Business associates that use the affected transactions, such as billing/service agents.



Covered entities transitioning to Versions 5010 and D.0 for HIPAA transactions will experience both technical and business changes. The standards may require programming and business process modifications across the organization during Level I testing to achieve Level I compliance.

What is Level I Testing and Compliance?

Level I testing is the period when covered entities perform all of their internal readiness activities to prepare for testing the new versions of the standards with their trading partners.

Level I compliance means a covered entity can create and receive compliant transactions that result from the completion of all internal activities and testing. Covered entities should be prepared to meet Level I compliance by December 31, 2010.

What is Level II Testing and Compliance?



Level II testing activities involves external testing with trading partners and should begin by January 1, 2011. However, covered entities must be compliant with Level I activities before they can prepare for Level II testing.

Level II compliance means that a covered entity has completed end-to-end testing with each of its trading partners, and is able to operate in production mode with Versions 5010 and D.0. Covered entities must be Level II compliant by January 2012.

What Challenges May Health Plans (Payers) Experience During the Transition to Versions 5010 and D.0?

- Payers utilizing “direct connect” EDI, where providers submit claims directly to the payer, will need to upgrade their front-end validation and translation systems to accommodate the new standards;
- Managed Medicare and Medicaid, as well as Medicare Advantage payers, will need to upgrade their claims adjudication and EDI systems in order to send compliant transactions to Medicare and Medicaid;
- Coordination of Benefits (COB) claims must be accepted electronically;
- Complete eligibility responses will be required instead of a simple “Yes” or “No”;
- The remittance advice will require implementation of a web page with Health Care Medical Policy explanations; and
- The claims EDI adjudication system may need to be revamped.

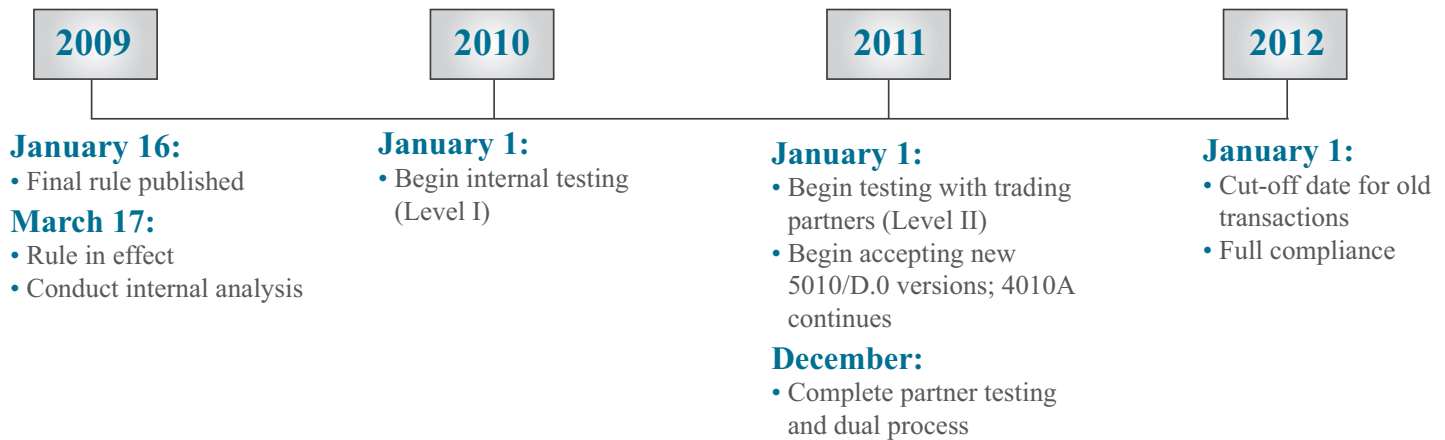


What is the Role of Clearinghouses in the Transition to Versions 5010 and D.0?

- The role of most clearinghouses is to receive noncompliant claims from providers and translate them into compliant formats to send the transactions to payers. The change to Versions 5010 and D.0 will add another layer, requiring clearinghouses to translate from Version 4010A1 to 5010 and Version 5.1 to D.0; and
- Clearinghouses will need to upgrade their EDI infrastructure, including mapping, editing, validation, and translation systems.

What is the Timeline for Implementation of Versions 5010 and D.0?

Key events in the implementation timeline are shown below:



Resources for Additional Information

A CMS web page dedicated to providing all the latest news on Versions 5010 and D.0 for all HIPPA covered entities is available at http://www.cms.hhs.gov/Versions5010andD0/01_overview.asp on the CMS website.

For more information on Electronic Billing and EDI transactions visit the EDI web page at http://www.cms.hhs.gov/ElectronicBillingEDITrans/01_Overview.asp on the CMS website.

The “Medicare Learning Network” (MLN) is the brand name for official CMS educational products and information for the Medicare fee-for-service providers. For additional information visit the Medicare Learning Network’s web page at <http://www.cms.hhs.gov/MLNGenInfo> on the CMS website.



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