

Sent via email

DATE: 02/12/02

TO: State Medicaid HIPAA Coordinators

FROM: Director, Finance, Systems and Quality Group  
Center for Medicaid and State Operations

SUBJECT: Distribution of Medicare Program Memorandum (Revised Timelines for HIPAA Requirements)

The attached Program Memorandum (PM), Transmittal AB-02-020, dated February 8, 2002, provides HIPAA implementation instructions for Medicare Carriers, Fiscal Intermediaries and Durable Medical Equipment Regional Carriers. Its purpose is to convey Medicare's requirements and timelines for implementation of the Accredited Standards Committee (ASC) X12N 837 version 4010 inbound and COB, X12N 835 version 4010, and the X12N 276/277 version 4010. The dates provided will replace those that have been issued in previous instructions.

Although these instructions apply only to Medicare contractors, we are forwarding this information to raise your awareness and help facilitate the exchange of data between Medicaid State agencies and their respective trading partners. These include, but are not limited to, Medicare since requirements placed on its contractors can have a ripple effect throughout the industry.

Additional Medicare EDI information is available on the CMS Web site at: <http://www.hcfa.gov/medicare/edi/edi.htm>. For information on Medicaid HIPAA Administrative Simplification, visit <http://www.hcfa.gov/medicaid/hipa/adminsim/>.

Please forward this information as appropriate.

If you have questions related to this Program Memorandum, please contact the individual listed on page 4 of the Memorandum

Rachel Block

Attachment

cc: State Medicaid Directors

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# Program Memorandum Intermediaries/Carriers

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal AB-02-020

Date: FEBRUARY 8, 2002

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## CHANGE REQUEST 2039

**SUBJECT: Revised Timelines for Health Insurance Portability and Accountability Act (HIPAA) Requirements**

This Program Memorandum (PM) provides instructions for carriers, fiscal intermediaries (FIs), durable medical equipment regional carriers (DMERCs), and their standard systems on the requirements and timelines for implementation of the Accredited Standards Committee (ASC) X12N 837 version 4010 inbound and COB, X12N 835 version 4010, and the X12N 276/277 version 4010. The dates provided in this instruction and summarized in the attachment will replace those that have been issued in previous instructions. Contractors who have already begun their implementation activities are not to cease or delay their work, but are expected to continue to work expeditiously toward implementing these HIPAA transactions no later than the timeframes specified in this instruction. **Note, all instances where the date October 16, 2003 appears will infer that a request for a waiver has been submitted by the covered entity being referenced.** This instruction does not change the work processes provided in previous transmittals. Only the timeframes by which certain tasks were to be started or completed have changed. As a point of clarification for this instruction, “trading partners” also refers to providers or submitters for a given transaction, and is not only limited to the payers who are sent Coordination of Benefits (COB) transactions.

### I. X12N 837 Inbound

Contractors must complete their user acceptance testing of the inbound X12N 837 (4010) by April 1, 2002. Those contractors that have already begun their 837 (4010) trading partner beta testing should continue. Contractors must be ready to start open trading partner testing, with those trading partners that request that testing, by April 16, 2002. Trading partners that successfully complete testing can be implemented immediately into production. All requested trading partner testing must be completed by October 16, 2003, CMS will work with contractors and trading partners to complete testing as soon as possible to avoid last minute testing concerns. However, contractors must not require trading partners to submit HIPAA transactions in production prior to October 16, 2003.

### II. X12N 835

Contractors must complete their user acceptance testing of the X12N 835 (4010) electronic remittance notice by May 1, 2002. Those contractors that have already begun their 835 (4010) trading partner beta testing should continue. Contractors must be ready to start open trading partner testing, with those trading partners that request that testing, by May 16, 2002. Trading partners that successfully complete testing can be implemented immediately into production. All requested trading partner testing must be completed by October 16, 2003, CMS will work with contractors and trading partners to complete testing as soon as possible to avoid last minute testing concerns. However, contractors must not require trading partners to receive HIPAA transactions in production prior to October 16, 2003.

### **III. X12N 837 COB**

Contractors must complete their user acceptance testing of the outbound X12N 837 (4010) by June 3, 2002. Those contractors who have already begun their 837 COB (4010) trading partner beta testing should continue. Contractors must be ready to start open COB trading partner testing, with those trading partners who request that testing, by June 17, 2002. Trading partners that successfully complete testing can be implemented immediately into production. All requested COB trading partner testing must be completed by October 16, 2003, CMS will work with contractors and trading partners to complete testing as soon as possible to avoid last minute testing concerns. However, contractors must not require trading partners to receive HIPAA transactions in production prior to October 16, 2003.

### **IV. X12N 276/277**

Transmittal AB-01-106, dated August 1, 2001, required contractors to implement the 276/277 (4010) claims status transaction. Contractors must complete their user acceptance testing of the 276/277 (4010) claims status transaction by July 1, 2002. Although not required in the transmittal, open trading partner testing on the 276/277 (4010) transaction must be conducted if requested by a trading partner. Due to variations in the release schedule for each standard system maintainer, contractors will have varied production dates. Refer to the attachment for a breakdown of the production dates for each standard system.

### **V. X12N 270/271**

Instructions for the intermediary and carrier implementation of the 270/271 (4010) have not been issued. Contractors should await the release of these instructions, which will provide the dates for this transaction.

### **VI. Claredi Certification**

Transmittal AB-01-169, dated November 28, 2001, required all contractors to perform transaction testing and certification with Claredi. Contractors are to successfully complete their Claredi testing and be certified prior to full-scale open trading partner testing. However, you may perform production-trading partner testing with no more than 10 select trading partners at the same time you are Claredi testing. Contractors should attempt to use the same 10 select trading partners for testing through the complete cycle of the 837 and 835 transactions. Trading partners that successfully complete testing, prior to the completion of Claredi certification, can be implemented immediately into production. This instruction contains an attachment that will provide all of the required Claredi certification dates for each HIPAA transaction. Contractors should await the final 270/271 (4010) instructions for further guidance on Claredi testing and certification of that transaction.

### **VII. Free Billing Software**

Transmittals A-00-89, dated November 28, 2000, and B-00-89, dated September 28, 2000, instructed contractors to create HIPAA compliant Medicare free billing software for providers who wish to use such a program to comply with HIPAA. Contractors or their vendors should have that software ready for testing no later than October 1, 2002. Provider beta testing of the free billing software should be completed by November 1, 2002. The Medicare free billing software should be available for distribution to providers/submitters by December 3, 2002. Please note, the information currently stated in transmittal AB-01-29, dated February 8, 2001, in which CMS clarifies its intent to eliminate the free billing software effective FY2004 has not changed.

### **VIII. New EDI Submitters**

CMS expects that contractors will strongly encourage new EDI submitters to begin with HIPAA formats, rather than test and submit production transactions in pre-HIPAA formats. If circumstances are such that a new submitter is unable to begin with HIPAA formats, contractors may accept the pre-HIPAA formats. However, contractors will not enroll any new EDI submitters on pre-HIPAA formats after October 1, 2002. Applications from new submitters involving pre-HIPAA formats that were in the contractor's pipeline prior to October 1, 2002 may be processed after October 1, 2002. Contractors may continue to accept applications from established pre-HIPAA format submitters or established software vendors adding new clients in a pre-HIPAA format until further notice.

Applications for the Medicare free billing software received after October 1, 2002 should be held until the HIPAA version of the free billing software is ready for distribution.

For clarification purposes, a new Electronic Data Interchange (EDI) submitter is defined as a provider, billing service, or clearinghouse that has not previously submitted production transactions to Medicare electronically in a pre-HIPAA format, or is using a vendor software product that is not currently being used to electronically submit pre-HIPAA production transactions to Medicare. An established submitter is defined as a provider, billing service, or clearinghouse that is currently submitting production transactions to Medicare electronically in a pre-HIPAA format. An established software vendor is one that currently supports production clients in a pre-HIPAA format.

## **IX. Testing Reporting**

Transmittal AB-01-96, dated July 12, 2001, required contractors to report their status of open trading partner testing results to CMS. This is not to be confused with the current requirements to report the status of your user acceptance testing to CMS. Contractors are to continue this reporting as instructed by CMS. Contractors are to report their trading partner testing results on a monthly basis, starting May 2002, on the tenth of each month, and reporting on results from the prior month. Your first report is due on May 10, 2002, for the reporting period April 2002. Submit this report to your CMS Consortium Contractor Management Staff (CCMS) Systems Specialist and your CCMS HIPAA contact. If there are changes in the reporting requirements or frequency, CMS will provide you with revised instructions. The Excel spreadsheet report forms (hipaacar.xls and hipaint.xls) are to be used by contractors to report testing results. The report forms are available on the CMS website at [www.hcfa.gov/medicare/edi/hipaadoc.htm](http://www.hcfa.gov/medicare/edi/hipaadoc.htm).

**X. Provider Notification**

Contractors are to notify their trading partners as soon as possible of the updated dates included in this instruction. The notification can be via scheduled newsletter, web site, or other method that does not involve additional costs.

**The *effective date* for this PM is February 8, 2002.**

**The *implementation date* for this PM is specified in each section.**

**Funding for this instruction should be implemented within your current operating budget or within the supplemental budget request filed November 26, 2001.**

**This PM may be discarded after October 1, 2004.**

**If you have any questions, contact Brian Reitz, (410) 786-5001, or e-mail [breitz@cms.hhs.gov](mailto:breitz@cms.hhs.gov).**

Attachment

<b>Task</b>	<b>837IB</b>	<b>ERA 835</b>	<b>837COB</b>	<b>276/277</b>	<b>276/277 PPTN/ DDE</b>	<b>270/271*</b>
<b><i>System Release Testing</i></b>						
Complete by						
FISS	complete	complete	Complete	7/2002	8/2002	waiting instruction
APASS	complete	4/2002	Complete	4/2002	4/2002	waiting instruction
HPBSS	complete	complete	Complete	4/2002	N/A	waiting instruction
VMS	complete	complete	Complete	4/2002	4/2002	waiting instruction
MCS	complete	complete	Complete	4/2002	7/2002	waiting instruction
<b><i>User Acceptance Testing</i></b>						
Complete by (all)	4/1/02	5/1/02	6/1/02	7/1/02	N/A	waiting instruction
<b><i>Claredi Certification</i></b>						
Complete by (all)	4/16/02	5/16/02	6/16/02	7/16/02	N/A	waiting instruction
<b><i>Trading Partner Testing</i></b>						
Contractor's ready by	4/16/02	5/16/02	6/16/02	7/16/02 ***	not required	waiting instruction
Complete by** (all)	10/16/03	10/16/03	10/16/03	10/16/03 ***	not required	waiting instruction

<b>Task</b>	<b>837IB</b>	<b>ERA 835</b>	<b>837COB</b>	<b>276/277</b>	<b>276/277 PPTN/ DDE</b>	<b>270/271*</b>
<b><i>Testing Reporting</i></b>						
Must begin (all)	5/10/02	6/10/02	7/10/02	8/12/02	not required	waiting instruction
<b><i>Free Billing Software</i></b>						
complete programming	10/1/02	N/A	N/A	N/A	N/A	N/A
complete provider beta	11/1/02	N/A	N/A	N/A	N/A	N/A
production release	12/1/02	N/A	N/A	N/A	N/A	N/A

\* system release dates associated with the 270/271 are tentative, pending instruction release

\*\* applicable to only those trading partners approved for delay; all others 10/16/2002

\*\*\* must be requested by trading partner