

# **Clean Claim and Electronic Medical Billing and Payment Workers' Compensation Companion Guides**

Version 2.0  
January 7, 2008



**Texas Department of Insurance  
Division of Workers' Compensation**

**Information Management Services**

## **Texas Clean Claim and Electronic Medical Billing and Payment Companion Guides (Version 2.0)**

### *Disclaimer*

#### ***Purpose of the Electronic Medical Billing and Payment Companion Guides***

This guide has been created for use in conjunction with Health Insurance Portability and Accountability Act (HIPAA), American National Standards Institute (ANSI), and the National Council for Prescription Drug Programs (NCPDP) national standard implementation guides. It is not to be a replacement for those national standard implementation guides but rather is to be used as an additional source of information. This companion guide contains data clarifications derived from specific business rules that apply to processing bills and payments electronically within Texas workers' compensation system.

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### *Documentation Change Control*

Documentation change control is maintained in this document through the use of the Change Control Table shown below. All changes made to this companion guide after the creation date are noted along with the date and reason for the change.

<b>Change Control Table</b>			
<b>Date</b>	<b>Page(s)</b>	<b>Change</b>	<b>Reason</b>
04/09/2007	All	Baseline Version 1.0	Initial release and publication.
04/13/2007	7, 8, 10, 19, and 31	Version 1.01	Corrections to Chapter 2 regarding the CMS-1500 05-08 form and changes to direction regarding use of the NPI. Corrections to Chapter 5 to remove NCPDP 5.1 references in the HIPAA/WC Gap Analysis.
06/21/2007	Multiple	Version 1.02	Corrections identified in Companion Guide Revision Tracking document dated June 21, 2007.
12/21/2007	Multiple	Version 2.0	Numerous clarification items and minor modifications designed to improve the alignment between workers' compensation transactions and those used under the HIPAA Implementation Guides. Use of multiple spreadsheets has been collapsed and tables incorporated into the document to improve understanding and ease-of-use. Corrections and modifications are identified in Companion Guide Revision Tracking Document dated January 7, 2008.

## **Chapter 1 Introduction**

### **HIPAA**

The Administrative Simplification provisions of the Federal Health Insurance Portability and Accountability Act of 1996 (HIPAA, Title II) includes requirements that national standards for electronic health care transactions and national identifiers for health care providers (provider), health plans, and employers be established. These standards are adopted to improve the efficiency and effectiveness of the nation's health care system by encouraging the widespread use of electronic data interchange in health care.

The provider, or their billing agent, uses the HIPAA adopted ANSI ASC X12N (ANSI ASC X12) 837 professional, institutional or dental transaction data formats to submit medical bill transactions or the National Council for Prescription Drug Programs (NCPDP) Telecommunication 5.1 to submit pharmacy bill transactions to the appropriate payer. In workers' compensation, the payer is the insurance carrier providing coverage for the employer of the injured employee to whom the services are provided. The insurance carrier, or their authorized agent, validates the electronic data interchange (EDI) file according to the guidelines provided in the prescribed national standard format implementation guide, this companion guide, and the jurisdiction data requirements. Problems associated with the processing of the EDI file are to be reported using acknowledgment techniques described in this companion guide. The insurance carrier will use the HIPAA adopted ANSI ASC X12N 835 remittance advice to report an explanation of payments, reductions, and denials to the provider.

### **Workers' Compensation Background**

The Texas and California workers' compensation systems undertook electronic medical billing initiatives in calendar years 2004 and 2005, respectively. Legislation and regulations adopted in the two states included parallel time frames. Both states created working groups to obtain feedback from, and communicate with, affected stakeholders.

Both states aligned jurisdiction implementation with national standard formats and health care industry practices. The goal of the two initiatives is to leverage existing eBill technology, knowledge, and relationships to facilitate a more efficient transition from paper billing to eBill in workers' compensation.

Recognizing the need for national standards, the International Association of Industrial Accident Boards and Commissions (IAIABC) has also initiated efforts to study the feasibility of developing national standard electronic billing formats for workers' compensation. The IAIABC EDI Council gave the EDI Medical Committee permission to pursue the issue of development of electronic standard guides for provider to payer electronic billing. As a result, the Health Care Provider-to-Payer (ProPay) Subcommittee was established. The mission of the subcommittee is "to simplify, accelerate, and make efficient all provider bills and related transactions necessary between the health care provider and the workers' compensation payer, through the use of a set of electronic data transmission standards and related business procedures."

California and Texas have developed an implementation plan that meets the time line of both states. The plan also includes collaborating with IAIABC EDI Council, the EDI Medical Committee, and the Health Care Provider-to-Payer Subcommittee to offer draft guides, which might serve as the starting point for developing national standards for electronic billing, reimbursement and ancillary workers' compensation processes.

## **Texas Background**

House Bill (HB) 2511, enacted by the 76th Texas Legislature, Regular Session (1999), added Labor Code §401.024, which allows the Division to permit or require electronic transmission of information to be used in lieu of transmitting information via paper format and set goals for paper reduction in the workers' compensation system. Section 401.024 allows the Division to adopt rules to permit or require electronic transmission in place of established forms, manner, or procedure that require paper processing. House Bill 7 (HB 7), 79th Legislature, Regular Session (2005) amended these provisions and also enacted Labor Code §408.0251, which requires the commissioner to adopt rules regarding the electronic submission and processing of medical bills between health care providers and insurance carriers. This section also requires that insurance carriers accept medical bills submitted electronically by health care providers in accordance with the Division's rules.

The Division adopted electronic billing and reimbursement rules (eBill rules) on July 21, 2006. The rules are included in 28 Tex. Admin. Code, Chapter 133, Subchapter G (Electronic Medical Billing, Reimbursement, and Documentation). Provisions of §§133.500 (relating to Electronic Formats for Electronic Medical Bill Processing) and 133.501 (relating to Electronic Medical Bill Processing) are designed to meet the requirements of HB 2511 and HB 7 by establishing procedures for the electronic submission of medical billing and reimbursement data, which will reduce paper in the workers' compensation system.

The eBill rules include provisions for use of non-prescribed electronic formats by mutual agreement between the insurance carrier and the health care provider. Non-prescribed formats must contain all of the required, conditionally required, and jurisdiction required elements defined in the national standard implementation guides and Division companion guides.

The eBill rules require that providers and insurance carriers have the ability to exchange medical billing and reimbursement information electronically, unless waived from the eBill requirements. The rules do not mandate the use of, or regulate the costs of, agents performing eBill functions. Providers and insurance carriers are not required by rule to establish connectivity with a clearinghouse or to utilize a specific media/method of connectivity [i.e. Secured File Transfer Protocol (SFTP)].

The eBill rules do not regulate the formats utilized between providers and their agents, or insurance carriers and their agents, or the method of connectivity between those parties.

## **Audience**

Health care providers, insurance carriers, clearinghouses, or other electronic data submission entities use these companion guides in conjunction with HIPAA adopted ANSI ASC X12 national implementation guides, the NCPDP Telecommunication Standard Version 5.1, and other ANSI ASC X12 national implementation guides. The ANSI ASC X12 implementation guides are available from Washington Publishing Company at <http://www.wpc-edi.com>. The NCPDP Telecommunication Standard Version 5.1 and Batch Standard Version 1.1 are available from NCPDP at [www.ncpdp.org](http://www.ncpdp.org). Other ANSI implementation guides are available from industry publishing sources.

This guide outlines the workers' compensation industry and jurisdictional procedures necessary for engaging in electronic data interchange (EDI) and specifies clarifications where applicable.