

**Affected Programs:** BadgerCare Plus, Medicaid, SeniorCare, Wisconsin Chronic Disease Program, Wisconsin Well Woman Program

**To:** All Providers, HMOs and Other Managed Care Programs

## Upcoming Changes to HIPAA Standards for Electronic Transactions

Upcoming changes to Health Insurance Portability and Accountability Act of 1996 (HIPAA) standards and National Council for Prescription Drug Programs (NCPDP) standards for electronic transactions will impact electronic transactions exchanged with Wisconsin Medicaid, BadgerCare Plus, Wisconsin Chronic Disease Program, and Wisconsin Well Woman Program. According to federal regulations, providers are required to be compliant with the new HIPAA and NCPDP standards no later than January 1, 2012. ForwardHealth will continue to update providers on its implementation plans while working to meet the mandatory compliance date.

On January 1, 2009, the federal Department of Health and Human Services (HHS) announced a final compliance deadline of January 1, 2012 for all covered entities to implement the new Accredited Standards Committee (ASC) X12 version 5010 standards for electronic health care transactions under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the new National Council for Prescription Drug Programs (NCPDP) version D.0 and 3.0 standards for pharmacy transactions. This *ForwardHealth Update* provides more information about the changes to the electronic transaction standards and how they impact HIPAA-covered entities and the health care industry.

### Overview of HIPAA Electronic Transaction Standards

HIPAA requires the Secretary of HHS to adopt national standards that covered entities must use when they electronically conduct certain health care administrative transactions, including health care claims and adjustments, Remittance Advice, and inquiries for eligibility in health care plans.

The Transactions and Code Sets final rule published on August 17, 2000, adopted standards for electronic transactions, some of which were modified in a subsequent final rule published on February 20, 2003. The current versions of the standards are the ASC X12 version 4010A1 for health care transactions and the NCPDP version 5.1 for pharmacy transactions.

In 2009, a final rule was published that introduces ASC X12 version 5010 as the new HIPAA standard to be used for health care transactions and NCPDP version D.0 for pharmacy transactions. The 2009 final rule also established NCPDP version 3.0 as the new federal standard to be used for Medicaid pharmacy subrogation transactions.

ForwardHealth will be testing and implementing the new versions of these standards during 2010 and 2011, with a final compliance date of January 1, 2012. The

new HIPAA and NCPDP electronic transaction standard regulations apply to the following electronic transactions:

- 837 Health Care Claim: Professional (837P), Institutional (837I), and Dental (837D).
- 835 Health Care Claim Payment/Advice.
- 270/271 Health Care Eligibility/Benefit Inquiry and Information Response.
- 820 Payroll Deducted and Other Group Premium Payment for Insurance Products.
- 834 Benefit Enrollment and Maintenance.
- 276/277 Health Care Claim Status Request and Response.
- 278 Health Care Services Review — Request for Review and Response.
- National Council for Prescription Drug Programs version D.0. (The NCPDP version D.0 standards replace the current NCPDP version 5.1.)
- National Council for Prescription Drug Programs version 3.0. (NCPDP version 3.0 is a new transaction standard to be used for pharmacy subrogation transactions.)

### **Covered Entities Are Required to Implement the HIPAA Electronic Transaction Standards**

All covered entities are required to implement the HIPAA standards for electronic transactions as outlined in the rules and regulations. Anyone transmitting or receiving electronic health care information is considered a covered entity. This encompasses all health care providers, health plans (including federal and state programs, such as Medicare, Medicaid, BadgerCare Plus, Wisconsin Chronic Disease Program, and Wisconsin Well Woman Program), HMOs, and health care clearinghouses (such as billing services and vendors).

*Note:* Community Care Organizations, specialized medical vehicle providers, blood banks, and personal care only agencies are not considered health care providers, but they will be required to meet HIPAA

standards for electronic transactions to conduct business with ForwardHealth.

### **HIPAA Standards Accommodate New Code Set**

The ASC X12 version 5010 and NCPDP version D.0 will accommodate the expanded data field length required for the *International Classification of Diseases, 10<sup>th</sup> Revision* (ICD-10) classification code set. The ICD-10 code set is an updated classification system that introduces a greater number of codes and a greater level of specificity in coding. ICD-10 will not be implemented until 2013. The new HIPAA electronic transaction standards are designed to accept ICD-10 codes when ICD-10 is implemented. ForwardHealth will provide more information about ICD-10 and ICD-10 implementation as it becomes available.

### **Benefits of the Updated Electronic Transaction Standards**

The current versions of the HIPAA standards are widely recognized as lacking functionality needed by the health care industry. The new versions address these concerns and introduce improved functionality within the health care industry. The new versions standardize how the transactions are to be used and require that all covered entities utilize the data naming conventions and data formats the same way across the industry.

Version 5010 improves on the structure and data content of version 4010A1. In particular, version 5010 claim transactions have clearer rules that specify the exact content of the data fields used, the required format, and how the information is to be interpreted by all covered entities when receiving or transmitting the HIPAA 837 claim transaction. Use of standardized data and formats across the industry allows for more specific reporting and sharing of clinical data amongst covered entities, which will improve efforts to monitor and analyze clinical data on claims. The NCPDP version D.0 specifically addresses business needs created by the implementation of Medicare Part D. Version D.0

facilitates coordination of benefits and Medicare Part D claims processing as well as providing more complete member eligibility information and other insurance coverage information.

## Preparing for Implementation

ForwardHealth is working to ensure that all ForwardHealth programs become compliant with version 5010 and NCPDP version D.0 transaction standards by the federal implementation deadline.

ForwardHealth is currently conducting a detailed gap analysis of the HIPAA transactions to determine what changes are necessary and how these changes are going to impact the ForwardHealth programs.

ForwardHealth will update providers on its progress and provide testing and implementation plans as soon as the information becomes available.

Providers are also responsible for ensuring their organization's timely compliance with HIPAA standards. ForwardHealth suggests the following steps to prepare for implementation of ASC X12 version 5010 and NCPDP version D.0:

- Become familiar with ASC X12 version 5010 and NCPDP version D.0. You should begin to familiarize yourself with the new electronic transaction standards so that you can effectively analyze your organization's systems and processes to determine what needs to be done to ensure timely compliance.
- Prepare a gap analysis. Identify gaps within your systems and business processes by comparing your current HIPAA health care transactions and information you support electronically with the new HIPAA version 5010 transaction standard requirements.
- Devise a plan to fill the gaps. Determine where and how to best fill these gaps, so that your computer systems and business processing conform to the new HIPAA transaction requirements in order to

share and exchange data consistently with your trading partners.

- Talk to your vendors. If you use a software vendor, billing service, or clearinghouse, we recommend that you contact them regarding potential upgrades to their products. It is the vendor's responsibility to send HIPAA-compliant transactions and to adhere to the standardized use, meaning, and sharing of health care data outlined in version 5010 of the HIPAA transaction standards.
- Work with your associations. If you are a member of a professional association, your association may have information about these HIPAA changes that are specific to your health care specialty. They may also have additional requirements you must follow.

## Additional Resources

There are many resources available to providers regarding version 5010 and version D.0. Refer to the following Web sites for more information:

- The final rule was published in the Federal Register, Vol. 74, No. 11, and is available in Portable Document Format (PDF) at [edocket.access.gpo.gov/2009/pdf/E9-740.pdf](http://edocket.access.gpo.gov/2009/pdf/E9-740.pdf).
- Implementation timelines and background information is available on the Centers for Medicare and Medicaid Services (CMS) Web site at [www.cms.hhs.gov/Versions5010andD0/](http://www.cms.hhs.gov/Versions5010andD0/).
- The final rule regarding ICD-10 code sets is available as a PDF at [edocket.access.gpo.gov/2009/pdf/E9-743.pdf](http://edocket.access.gpo.gov/2009/pdf/E9-743.pdf).
- The CMS has published side-by-side comparisons of version 5010 with version 4010A1 and of NCPDP version D.0 with NCPDP version 5.1, available through their Web site at [www.cms.hhs.gov/ElectronicBillingEDITrans/18\\_5010D0.asp](http://www.cms.hhs.gov/ElectronicBillingEDITrans/18_5010D0.asp).

The *ForwardHealth Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin Well Woman Program is administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at [www.forwardhealth.wi.gov/](http://www.forwardhealth.wi.gov/).

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