



Electronic Data Interchange (EDI)



Getting Started With EDI

Electronic Data Interchange

CMS Regulations:

Section 3, of the Administrative Simplification Compliance Act, Pub.L. 107-105 (ASCA), and the implementing regulation at 42 CFR 424.32, require that all initial claims for reimbursement under Medicare be submitted electronically as of October 16, 2003, with limited exceptions. The ASCA amendment to section 1862(a) of the Act prescribes that “no payment may be made under Part A or Part B of the Medicare Program for any expenses incurred for items or services” for which a claim is submitted in a non-electronic form.

NHIC Medicare Part B Electronic Data Interchange (EDI)

What is EDI?

Electronic Data Interchange (EDI) is the automated transfer of data in a specific format between a health care provider and Medicare. EDI may be performed by a healthcare provider or can take place with the assistance of billing service or clearinghouse that represents a provider or payer. EDI transactions are transferred via a computer using a modem to or from Medicare. The use of EDI to transmit your electronic claims help both Medicare and healthcare providers process transactions faster and at a lower cost.

Getting Started

This Guide will help you **Get Started with EDI** and provide you with the resources to help you find the best electronic billing solution for your practice. Visit the EDI homepage on the NHIC, Corp website at www.medicarenhic.com to learn more on the benefits of EDI. In addition, you will find enrollment forms with feature that allow you to:

- Print the form to complete by hand, or
- Type your information directly on the form
- Print the completed form for original signature mailing or fax to EDI
- Keep a copy of the completed form using the “save as” command
- **Use the help feature** – place your cursor over the “?” button on the forms to see what is required to complete the field correctly

The Benefits of EDI Electronic Claims Submission

Using EDI can save time and money, reduce claim errors, provide convenience – you can transmit claims to Medicare 24 hours a day, 7 days a week, all year long.

The benefits of EDI

- Improved cash flow, 14 days average to process electronic claims versus 28 days for paper claims
- Reduced clerical errors
- Improved claim control
- Reduced office costs
- 24-Hour claim transmission
- Claim error reports, correct and resubmit claims almost immediately
- Electronic remittance advice (ERA) option
- ANSI X12 4010A1 standardized industry format
- Transmission security: submitter-ID and password required to send claims

Notice: *For information on New England documentation procedures visit the Part B New England website.

What You Need to Bill Electronic Claims

To send electronic claims to NHIC Corp. Medicare Part B, you need HIPAA compliant billing software and a computer with a modem that has the ability to connect using a voice grade telephone line at 56,000 baud rate. You will also need to apply with the EDI department to receive a submitter ID number and password.

You can submit claims directly to Medicare using your own billing software or you may choose to allow a billing agency or clearinghouse to submit Medicare Part B claims on your behalf.

Computer/Hardware

You will need software to create electronic claims and the required computer/communications equipment listed below to transmit electronically. If you already have billing software, check with your software vendor to see if your billing module will support electronic billing to Medicare.

Explore all options to find the system best suited for your practice. *NHIC Corp. does not endorse or oppose any particular product or service.*

Equipment requirements,

- A claim file prepared in the ANSI X12 4010A1 format required by the Centers for Medicare and Medicaid (CMS)
- Required Submitter ID and password issued by EDI
- A computer that can run communication software while connected to a modem
- A modem with the ability to communicate with a remote system via a voice grade telephone line at 56,000 baud rate
- Communication software that runs on your computer, operates your modem and supports one or more of the following transmission protocols using CRC error checking (CHECKSUM error checking will not function across the X.25 network)
 - X-MODEM
 - Y-MODEM
 - Z-MODEM
 - KERMIT
 - BLAST
- a voice grade phone line (no DSL, no cable phone connection) with no Call Waiting or with Call Waiting turned off while you are connected to the Carrier Bulletin Board System (CABBS)

Or

- an FTP (file transfer protocol) connectivity via Verizon's pipeline. Contact the EDI Department for more information.

Electronic Billing Options

Whether you choose to bill electronic claims directly to Medicare or allow a billing agency or clearinghouse to submit claims on your behalf, a wide array of options are available to help you determine the electronic claim solution best suited for your practice. New England has a *EDI Billing Service, Clearinghouse and Software Vendors Directory* tailored to their region to help you:

- Determine your software and billing needs,
- Know what questions to ask when seeking a vendor or service,
- Make an informed purchase decision.

If you qualify, you may also have the option of using the free Medicare-only billing Software.

Free Medicare-Only* Billing Software

Medicare offers a free billing software for small practices that may need an electronic billing solution to transmit their Medicare claims. You must meet computer, billing and enrollment requirements to be eligible to receive the software. In addition, the free billing software only allows you to bill claim to Medicare. **If you want to use it for other insurance carriers you would need to purchase it from Stratford.** Make sure to explore all billing options to find the system that is best suited for your practice.

Medicare free billing software

- Can only bill Medicare Part B claims
- It is **not** for use by billing agencies, clearinghouses, or vendors.

Computer requirements

- A Modem with a dial-up connection. No DSL or Cable telephone service.
- Windows XP Professional
- Pentium 4 or better
- Minimum of 256 MEGS of RAM (memory)

If you are interested in receiving the free Medicare billing software, forward the following enrollment information to the office that processes your Medicare Part B claims:

First-Time Enrollment - Complete the *EDI Profile Form* and the *EDI Application Signature Page*. Include the following:

- In the SOFTWARE field – enter “send free software”,
- In the SUBMITTER ID – enter “applying for,” or leave the submitter ID sections blank.

If you already have a submitter ID #, request the free software on your company letterhead and include:

- A request for the free billing software
- Include all PTAN #s **and** NPI #s
- Request for a free billing software submitter ID# and request that your current submitter number to be deleted (you may only be linked to one individual submitter number)
- Include a contact person’s name and phone number.
- Indicate that you meet all system requirements

- The letter must be signed by the provider and the title must be listed as President, CEO or owner
- Fax/mail the letter on the provider's professional letterhead

Enrolling in EDI

Once you have obtained your software, you will need to apply for a submitter ID number and password with NHIC. Complete the EDI Profile and EDI Enrollment forms and mail or fax to the Medicare office that processes your claims. Once your enrollment has been processed, you will receive a confirmation letter from NHIC with your submitter number and temporary password.

Remember, it is your responsibility to safeguard EDI Submitter and password information. The submitter ID # issued by EDI will be your personal EDI access number and is confidential information. Providers should not

- share a personal EDI access number and password with any billing agent, clearinghouse/network service vendor,
- give the EDI access number to anyone on staff who does not need to see the data for completion of a valid electronic claim, or
 - to process a remittance advice for a claim
 - to verify beneficiary eligibility
 - to determine the status of a claim,
- allow non-staff individuals or entities to use the your EDI submitter ID # and password to access Medicare systems.

Testing Claims

Before you begin transmitting your claims for payment, you are be required to test your software to ensure it is compatible with NHIC requirements. You must send a test batch with a minimum of 25 claims that represent your specialty and billing practice. Your test must be approved by NHIC before you are allowed to begin submitting claims in a production environment. For additional information regarding testing your software, please refer to the "Testing Guide" available in the EDI Guides & Links section of the NHIC website.

Sending Claims

Sending your electronic claims to Medicare is easy. Claims are transmitted using a modem to dial into the CABBS.

Use your modem to dial the following CABBS access numbers

- New England - (781) 741-1100

You may also connect automatically if you have an automated logon procedure (script). Talk to your software vendor about setting up a logon script in your system.

Depending on your system and the type of claim format you are using, a batch of claims can be transmitted in a few minutes or even a few seconds. There is no limit to the number of claims you may send and the CABBS system is available 24 hours a day, seven days a week. There is no cost from NHIC to transmit your claims.

Claim Reports

After transmitting a claim file to the CABBS there are several levels of editing that the file must pass before claims can be accepted into Medicare system for processing.

NHIC, Corp. EDI performs a series of edits to help assure the validity of data at every stage of the submission and ensure the integrity of the overall transmission. There are three levels of edits, each generates a separate report that is received in your CABBS electronic mailbox and remains there for 30 calendar days:

- Level 1: The CABBS Transmission Log produces the **Edit Status Report**. Within seconds of CABBS receiving your transmission, a message from the CABBS Claim Editor, the Edit Status Report appears in your CABBS mailbox. It is a notification that the claim file has, or has not, been successfully transmitted.
- Level 2: The next level of editing produces the Functional Acknowledgement Transaction Set (the 997 Report). **The 997 Report** indicates the results of the syntactical analysis of the transaction - whether a batch of claims (file) that has been received by CABBS has been accepted or rejected. The 997 report is usually delivered to the CABBS mailbox the day after the file was submitted.
- Level 3: The final level of editing, also known as the pre-pass edit level, produces the **Error Summary Report (ESR)**. The ESR provides details from the pre-pass edit - the number of claims received, the number accepted or deleted and details on the deleted

- claims. The ESR is posted to your CABBS mailbox between 9:00 a.m. and 12:00 noon the next business day. Use the “*How to read your Error Summary Report (ESR)*” guide to learn and understand the edit messages.

Learn more about electronic claims and reports

Visit your regional EDI website for other helpful guide, EDI information for your region, links for free software, outside resources and more.

Check your regional site for these guides:

- EDI Testing Guide
- CABBS User Guide
- How to read your Error Summary Report (ESR)

**HAVE QUESTIONS ABOUT EDI, NEED MORE INFORMATION, CALL US
THE NEW ENGLAND TOLL FREE NUMBER IS: 1-877- 386-1056**

MONDAY – FRIDAY 8 AM – 4 PM (ET)

Version	Date	Reviewed By	Approved By	Summary of changes
1.0	9/10/2004	EDI Managers	Ken Leary	Initial Document
2.0	5/20/2005	Vickey Welter	Kenneth Leary	Changed phone numbers for New England for EFT Added page for Internet Resources Added instruction page for completing enrollment form Changed introductory verbiage for future Electronic transactions
3.0	06/13/2005	Vickey Welter	Kenneth Leary	Verbiage changes
4.0	08/22/05	Vickey Welter	Kenneth Leary	Cover changes and correction of information within the document: reference to download center
5.0	08/29/05	Vickey Welter	Kenneth Leary	Verbiage changes
6.0	10/27/2005	Vickey Welter	Kenneth Leary	Change of phone number for EFT
7.0	03/09/2006	Bob Carney	Kenneth Leary	Change of fax number for EDI Dept
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9.0	3/31/2006	Melinda Semerena	Kenneth Leary	Verbiage changes; addition of ASCA information; link corrections; adjusted formatting
10.0	5/31/2006	Sergio Escobedo	Kenneth Leary	Remove NoCal Address information
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12.0	10/13/06	Kathleen Wells	Denise Noland	Changed National Heritage Insurance & NHIC to NHIC, Corp.
13.0	11/22/06	Sergio Escobedo	Susan Novacoski	Updated address information for CA.
14.0	05/18/07	Kelli Talbot	Melinda Semerena	Annual Review. Layout, verbiage, contact, and link changes/updates/corrections.
15.0	6/27/2007	Kelli Talbot	Melinda Semerena	Changed format, layout, verbiage, added PIN/PTAN, NPI information
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17.0	12/14/2007	Kelli Talbot	Melinda Semerena	Removed Reviewed/Approved By, changed all verbiage and layout, confirmed links
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20.0	01/04/2008	Kelli Talbot	Melinda Semerena	Annual Review – no changes
21.0	01/18/2008	Kelli Talbot	Melinda Semerena	Corrected NE call hours
22.0	02/07/2008	Kelli Talbot	Melinda Semerena	Changed verbiage, removed old form on enrollment
23.0	08/21/2008	Kathleen Wells	Denise Noland	Removed CA information
24.0	01/08/2009	Kathleen Wells	Denise Noland	Annual Review – Updates made to page 5
25.0	03/04/2009	Kathleen Wells	Denise Noland	Changed phone number to toll free phone number
26.0	01/25/2010	Kathleen Wells	Denise Noland	Annual Review – Page 2 & 6 changed mail to mail or fax