

ELECTRONIC DATA INTERCHANGE

AN INFORMATION BRIEF – JANUARY 2013

Overview

The *Electronic Data Interchange Information Brief* (brief) provides an overview of 2011 electronic data interchange (EDI) activities of government and private payers (payers) that include: Aetna Health, Inc.; CareFirst BlueCross BlueShield; Cigna Healthcare Mid-Atlantic, Inc.; Coventry Health Care of Delaware, Inc.; Kaiser Permanente Insurance Company; and UnitedHealthcare. The health care industry has used EDI for more than 30 years as a way to exchange medical, billing and other administrative information. The use of standards to exchange administrative health information can increase efficiencies and reduce costs.¹ Effective October 16, 2003, all covered entities must comply with the electronic administrative transaction standards that were created in the Health Insurance Portability and Accountability Act of 1996, Administrative Simplification provision (HIPAA-AS).^{2,3} Covered entities must be able to transmit and receive electronic transactions in the standardized format. One of the standard electronic administrative transactions defined by HIPAA-AS is the electronic claim, used by providers to submit charges to third party payers; in addition, other administrative transaction standards were defined by HIPAA-AS.⁴

The Maryland General Assembly required the Maryland Health Care Commission (MHCC) to promote the adoption of EDI through regulation. COMAR 10.25.09, *Requirements for Payers to Designate Electronic Health Networks*, requires State-regulated payers (payers) with annual premiums of \$1 million or more and certain specialty payers to submit census level information regarding electronic administrative transactions. The MHCC uses payer EDI information to measure the progress of EDI in the State. In 2012, the MHCC collected information from payers about the percent of electronic claims that were submitted, as compared to all the claims that were submitted for the reporting period. The chart below indicates the volume of electronic claims submitted during the 2010 and 2011 reporting periods. Between 2010 and 2011, EDI remained about the same.

MARYLAND EDI ACTIVITY OVERVIEW									
Provider Claim Type	Private Payer EDI %			Government Payer EDI %			Total EDI %		
	2010	2011	Variance	2010	2011	Variance	2010	2011	Variance
Practitioner	85.4	85.5	0.1	94.8	96.8	2.0	90	90.9	0.9
Hospital	85.2	85.8	0.6	95.1	98.2	3.1	90.1	91.5	1.5
Dental	29.7	30.6	0.9	100	100	0	75.5	77.9	2.4
Total	83.4	83.6	0.2	95.2	97.2	2.0	89.3	90.2	0.9

¹ 42 CFR Parts 160 and 162

² Covered entities, as defined under the HIPAA Privacy Rule (45 C.F.R. 160.103), are health plans, health care clearinghouse, and health care providers who transmit health information electronically for transactions that standard requirements have been adopted

³ 42 CFR Parts 160 and 162

⁴ Transactions are activities involving the transfer of health care information for specific purposes. Under HIPAA, if a health plan or health care provider engages in one of the identified transactions, they must comply with the standard for it, which includes using a standard code set to identify diagnoses and procedures. The Standards for Electronic Transactions and Code Sets, published August 17, 2000 and since modified, adopted standards for several transactions, including claims and encounter information, payment and remittance advice, and claims status. Additional information is available at: <http://www.hhs.gov/ocr/privacy/hipaa/administrative/other/index.html>.

Payers Supporting Other Administrative Transactions

Other administrative transaction standards, as defined by HIPAA-AS, are designed to streamline the billing process for providers by enabling administrative information associated with a claim to be submitted to payers in a standard electronic format. These other administrative transactions are identified by transaction codes and include: health plan eligibility (270/271), health claim status (276/277), referral certification and authorization (278), health plan premium payments (820), enrollment/disenrollment in a health plan (834), and claims payment and remittance advice (835). Other administrative transactions can be submitted electronically to payers on an individual basis via the Internet (web-based transactions), or providers can send an entire file, or a batch of a patient's information, at one time to the payer (batch transactions).

Annually, the MHCC asks payers to identify if they support web-based and batch transactions for each of the other administrative transaction standards (see following table). In 2010 and 2011, no payers reported they process web-based 820 transactions as required by HIPAA-AS. There were no other administrative transaction standards that all payers reported supporting via batch.

Large Private Payers Supporting Web-Based (W) vs. Batch (B) Transactions															
Payer	270/271		276/277		278		820		834		835				
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011			
	W	B	W	B	W	B	W	B	W	B	W	B	W	B	
Aetna Health, Inc.	✓		✓	✓	✓		✓					✓		✓	
CareFirst BlueCross BlueShield	✓		✓		✓		✓			✓		✓	✓	✓	✓
CIGNA Healthcare Mid-Atlantic, Inc.	✓		✓		✓		✓		✓		✓		✓	✓	✓
Coventry Health Care of DE, Inc.	✓		✓		✓		✓		✓		✓		✓		✓
Kaiser Permanente Insurance Co.		✓		✓		✓								✓	✓
United Healthcare of the Mid-Atlantic, Inc.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Total	5	2	6	2	5	1	6	2	5	1	4	1	3	1	5

Summary

Over the last several years, EDI activity has generally remained about the same, approximately 90 percent. Payer select documentation requirements on medical services, durable medical equipment, and medical supplies needed to adjudicate claims have generally remained the same in recent years. Providers usually submit hardcopy claims when documentation is required. Anecdotal information suggests that providers have implemented systems to identify claims where additional documentation is required and have established processes to ensure these claims are submitted to payers on a timely basis. Most payers indicate that while they are allowed up to 30 days for processing paper claims, they generally process them in the same 14 day turnaround time as electronic claims. The new ICD -10 (*International Statistical Classification of Diseases and Related Health Problems 10th Revision*) codes become effective on October 1, 2014. The latest diagnosis code set provides greater detail to describe complex medical procedures and services, which is likely to reduce payer needs for hardcopy documentation.