

# Dental Electronic Data Interchange Review

*An Information Brief*

*March 2019*

## Overview

The Maryland Health Care Commission (MHCC) regulations, COMAR 10.25.09, *Requirements for Payers to Designate Electronic Health Networks*, require payers with premiums of one million dollars or more to submit an Electronic Data Interchange (EDI) report annually.<sup>1</sup> This brief summarizes dental EDI activity in 2017. EDI progress reports were submitted by 14 dental payers.<sup>2</sup> Approximately 87 percent of Maryland's dental EDI volume is represented by the five largest<sup>3</sup> private payers and Medicaid.

## Background

### *Electronic Data Interchange*

EDI is the exchange of administrative health care data between payers and providers.<sup>4</sup> In 1991, the Workgroup for Electronic Data Interchange (WEDI) was formed to explore the use of EDI to address concerns about rising administrative health care costs.<sup>5,6</sup> The following year, WEDI published a report outlining steps to make EDI use routine in health care. EDI has transformed the way administrative health care data is exchanged by moving from a paper-based system to one that is electronic.<sup>7</sup> EDI use among payers and providers can generate administrative efficiencies, minimize manual data errors, and reduce costs.<sup>8</sup>

Title II of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), known as the Administrative Simplification provisions, established national standards for certain electronic health care transactions.<sup>9</sup> HIPAA requires health plans, health care providers, and health care clearinghouses (collectively, covered entities) to adopt the established standards when using

---

<sup>1</sup> COMAR 10.25.09. Available at: [www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.25.09.\\*](http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.25.09.*)

<sup>2</sup> A total of 32 payers submitted an EDI progress report in the 2017 reporting year.

<sup>3</sup> The five largest dental payers include Aetna, CareFirst BlueCross BlueShield, Cigna Healthcare Mid-Atlantic, Delta Dental, and United Concordia.

<sup>4</sup> Liaison, *What is Electronic Data Interchange in Healthcare*. Available at: [www.liaison.com/blog/2017/02/14/electronic-data-interchange-healthcare/](http://www.liaison.com/blog/2017/02/14/electronic-data-interchange-healthcare/).

<sup>5</sup> EDI Alliance, *EDI in Healthcare: A Brief History*. Available at: [www.edialliance.com/blog/bid/178864/EDI-in-Healthcare-A-Brief-History](http://www.edialliance.com/blog/bid/178864/EDI-in-Healthcare-A-Brief-History).

<sup>6</sup> More information about the Workgroup for Electronic Data Interchange (WEDI) is available at: <https://www.wedi.org/about-us>.

<sup>7</sup> EDI Basics, *What is EDI (Electronic Data Interchange)?* Available at: [www.edibasics.com/what-is-edi/](http://www.edibasics.com/what-is-edi/).

<sup>8</sup> E-Invoicing Platform, *9 Main Advantages of Using EDI in your Organisation*. Available at: [eeiplatform.com/18498/9-main-advantages-using-edi-organisation/](http://eeiplatform.com/18498/9-main-advantages-using-edi-organisation/).

<sup>9</sup> Health care transactions 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), claims payment and remittance advice (835), and health care claims (837).

electronic transactions.<sup>10</sup> While HIPAA mandates that payers and health care clearinghouses accept EDI transactions, it does not mandate its use for providers.

### *Electronic Health Networks*

Electronic health networks (EHNs), also known as health care clearinghouses, provide a range of services and function as an intermediary between providers and payers to facilitate EDI transactions. Most notably, EHNs identify errors during the data cleaning process and verify the accuracy of claims before submitting to payers.<sup>11</sup> The MHCC regulations, COMAR 10.25.07, *Certification of Electronic Health Networks and Medical Care Electronic Claims Clearinghouse*, require payers to accept transactions originating in Maryland only from EHNs certified by MHCC.<sup>12</sup> Certification ensures that EHNs meet industry standards relating to privacy and confidentiality, security, technical performance, business practices, physical, and human resources.<sup>13</sup> A total of 14 of the 35 EHNs operating in the State support dental EDI transactions.<sup>14</sup>

## **Dental EDI Progress**

### *National and Statewide Dental EDI*

Nationwide, EDI for private payers is at approximately 75 percent; Maryland trails the nation by about eight percent (Figure 1). Generally speaking, private payers have continued to make progress in EDI adoption. Challenges remain around private payers' claim adjudication policies, which often require attachments (e.g., perio charts<sup>15</sup> and x-rays), that must be submitted on paper due to limited EDI attachment capabilities.<sup>16</sup> EDI progress is impacted by dentists who opt to submit claims on paper when attachments are required.<sup>17</sup>

Dental payers who reported increases in EDI attribute the growth to outreach activities and communication initiatives including emails, letters, and portal messages to providers that submit paper claims. These initiatives have resulted in an increase in EDI volume over the last year. CareFirst experienced an unforeseen decrease in EDI in 2016 due to the loss of an EHN partner that resulted in an increased volume of paper claims submissions (Figure 2). Aetna continues to trail other private payers in their share of EDI; however, Aetna has implemented initiatives to increase its electronic claims volume.

---

<sup>10</sup> 45 CFR Parts 160, 162, and 164.

<sup>11</sup> Nearerterm, *What is a Healthcare Clearinghouse & Why Use One*. Available at: [www.nearerterm.com/what-is-a-healthcare-clearinghouse-medical-billing-electronic-claims/](http://www.nearerterm.com/what-is-a-healthcare-clearinghouse-medical-billing-electronic-claims/).

<sup>12</sup> COMAR 10.25.07. Available at: [www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.25.07.\\*](http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.25.07.*)

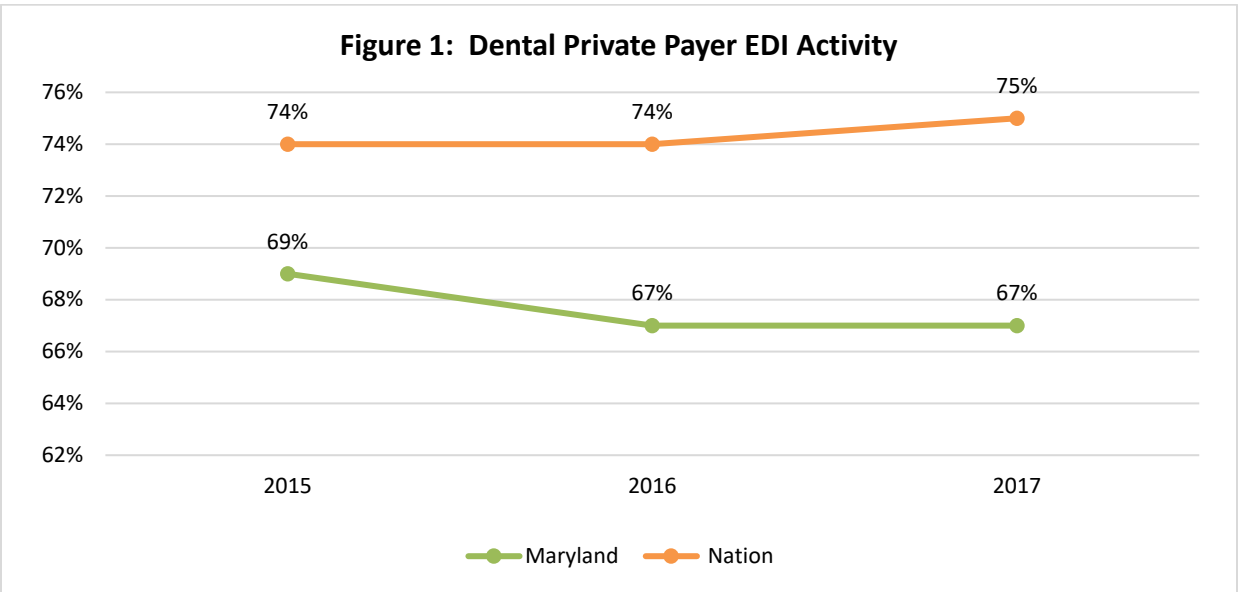
<sup>13</sup> More information is available at: [mhcc.maryland.gov/mhcc/pages/hit/hit\\_ehn/hit\\_ehn.aspx](http://mhcc.maryland.gov/mhcc/pages/hit/hit_ehn/hit_ehn.aspx).

<sup>14</sup> A list of the EHNs operating in the State is available at: [mhcc.maryland.gov/mhcc/Pages/hit/hit\\_ehn/hit\\_ehn\\_certified.aspx](http://mhcc.maryland.gov/mhcc/Pages/hit/hit_ehn/hit_ehn_certified.aspx).

<sup>15</sup> A periodontal chart is a graphic chart used by dentists to organize and record health information about gums. Available at: [www.moranperio.com/blog/what-is-periodontal-charting/](http://www.moranperio.com/blog/what-is-periodontal-charting/).

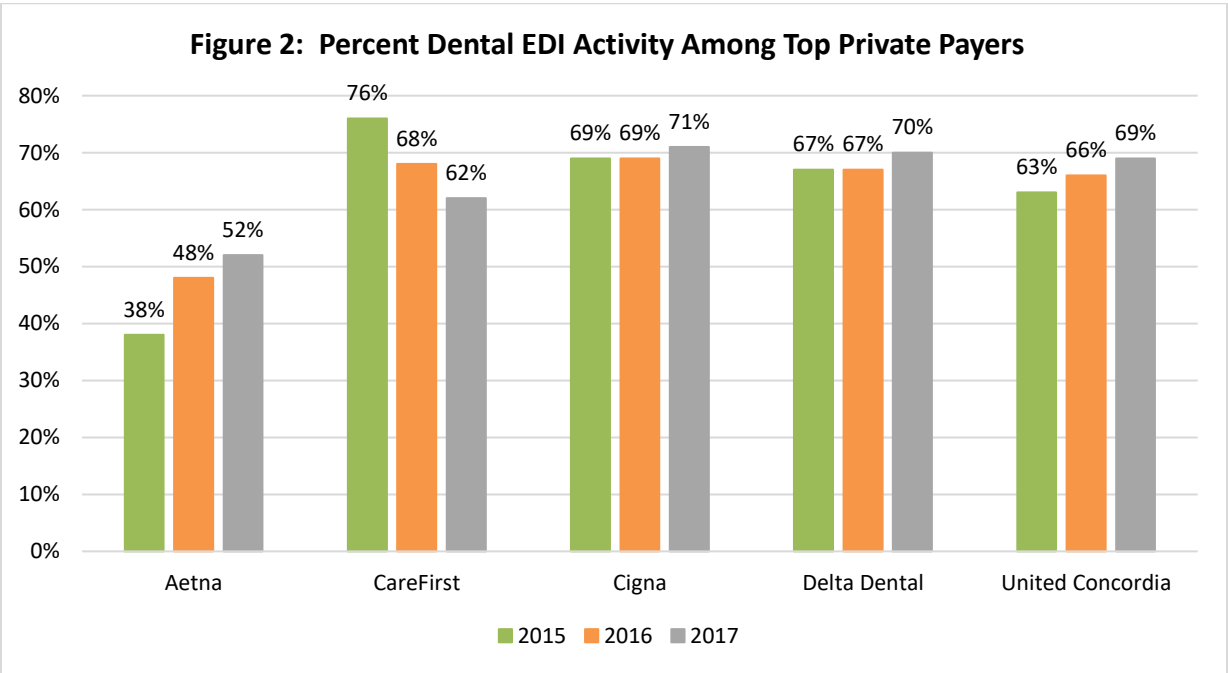
<sup>16</sup> MedPage Today, *When will HHS Issue Rules for 'Electronic Attachments'?* Available at: [www.medpagetoday.com/practicemanagement/informationtechnology/74682](http://www.medpagetoday.com/practicemanagement/informationtechnology/74682).

<sup>17</sup> Data was collected through phone interviews with dentists who submit claims electronically.



Maryland private payer activity reflects adoption among the five largest private payers.

Source: National Data – 2017 CAQH Index. ‘A Report of Healthcare Industry Adoption of Electronic Business Transactions and Costs Savings’. Available at: [www.caqh.org/sites/default/files/explorations/index/report/2017-caqh-index-report.pdf](http://www.caqh.org/sites/default/files/explorations/index/report/2017-caqh-index-report.pdf).



Medicaid EDI activity exceeds private payers by about 22 percent. This is generally attributed to limited services<sup>18</sup> covered by Medicaid and these services generally do not require claim

<sup>18</sup> More information on Medicaid dental covered services is available at: [www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.09.05\\*](http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.09.05*).

attachments (Table 1). For the most part, providers submit paper claims to private payers when they are uncertain if supporting documentation is required. Increased paper submissions associated with more comprehensive dental coverage available under the privately insured market contributes to less EDI among private payers.

<b>Table 1 - Maryland Dental EDI Activity (%)</b>			
<b>Payer</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Top Private Payers	69	67	67
Medicaid	83 <sup>y</sup>	86 <sup>*</sup>	89 <sup>*</sup>
<b>Percentage Total</b>	<b>71</b>	<b>71</b>	<b>71</b>

<sup>y</sup> Uses the compound annual growth rate for 2016 and 2017 to estimate 2015 Medicaid EDI activity.

<sup>\*</sup> Medicaid’s EDI rate in 2016 and 2017 has been revised to include only electronic claims submitted; previously reported electronic claims included paper claims that were converted to electronic claims.

### Summary

Over the last two years, private payer EDI has remained unchanged. CareFirst is expected to increase its EDI share now that it has established a partnership with an EHN.<sup>19</sup> Private payer initiatives targeted at expanding EDI are expected to have a modest impact on future growth. Opportunity exists for private payers to increase electronic claims share. Changes in claims submission policies and provider education will inevitably lead to EDI growth that will generate administrative efficiencies that benefit payers and providers.

---

<sup>19</sup> Estimated increases in adoption account for CareFirst returning to its (2015) EDI rate before the loss of the clearinghouse partner; CareFirst began establishing the relationship with the clearinghouse in mid-2017.