

August 20, 2003
Montana Medicaid Notice
All Providers

Important Information for All Providers on Submitting Claims to Montana DPHHS after October 16, 2003

This notice contains important new information for all providers submitting claims to the Montana Medicaid, Mental Health Services and Children's Health Insurance (dental and eyeglass only) plans.

The federal HIPAA law says that as of Oct. 16, 2003, all claims (except pharmacy—see separate notice) sent and received electronically must be in the standardized X12N 837 format. This format replaces about 400 formats currently in use, most of which are based on National Standard Formats (NSF) such as the UB-92 and the CMS 1500.

Across the U.S., however, many providers are not ready to send X12N formats and many health plans are not ready to receive X12N. The situation has raised fears of a nationwide “train wreck” in which providers are unable to submit claims and health plans are unable to pay providers.

On July 24 the federal Centers for Medicare and Medicaid Services (CMS) published important guidance on how it will enforce the HIPAA provisions on electronic transactions. Specifically, CMS addressed the question of providers that are not ready to send X12N formats and therefore want to continue sending current formats after Oct. 16.

The answer was that CMS will not impose penalties on these providers so long as they are making reasonable and diligent efforts to comply with the new standards. CMS also will not impose penalties on health plans (like DPHHS) that receive non-compliant transactions, under certain conditions.

CMS is clear that this relatively lenient approach will not last indefinitely, though it gives no time frame. **Providers that send electronic transactions must continue to work toward being able to conduct these transactions using X12N formats.**

The CMS guidance document provides more detail on these important points, and every provider should read the document itself.

Providers serving clients of the Montana Department of Public Health and Human Services (DPHHS) need to know whether DPHHS will be able to accept X12N formats after Oct. 16 and whether DPHHS will continue to accept current formats for a limited time after Oct. 16. **The answer to both questions is yes.** Here are the seven different ways providers will be able to submit claims to DPHHS and its claims processing contractor, ACS State Healthcare.

HIPAA-Compliant Electronic Methods

1. X12N 837 formats sent directly to ACS from the provider.
2. X12N 837 formats sent to ACS through a clearinghouse chosen by the provider.
3. “WINASAP 2003” field software provided free by ACS. This software creates an X12N 837 format that can be submitted only to DPHHS. It will be available in September.

Current Electronic Methods

4. NSF (UB-92 and CMS-1500) formats sent directly to ACS from the provider.
5. NSF formats sent to ACS through a clearinghouse chosen by the provider.
6. “ACE\$” field software provided free by ACS. This software creates a format that can be submitted only to DPHHS.

Paper Claims

7. Providers can continue to submit claims on paper. These claims typically take longer to process and are more subject to processing errors.

DPHHS will continue to accept current electronic methods for a limited time as a contingency to ensure the continued smooth flow of payments to providers. We will await further guidance from CMS on the time frame and we encourage all providers to move toward compliance as rapidly as possible.

For a limited time, providers can also choose to pick up their DPHHS electronic remittance advices either in the HIPAA-compliant X12N 835 format or in the current non-compliant format. Remittance advices will be produced in both formats.

Providers who are ready to do claims and remittance advice transactions in X12N formats must first enroll with the ACS clearinghouse. ACS has arranged for Montana providers to test their ability to send X12N formats to ACS free of charge. For further details, go to the “HIPAA Update” pages at or call the ACS clearinghouse at 800-987-6719.

Contact Information

For more information, visit the Provider Information website:

For claims questions or additional information, contact Provider Relations:

Provider Relations in Helena and out-of-state: (406) 442-1837

In-state toll-free: 1-800-624-3958