

Dermatology Coding Alert

Winning Strategies Help You Make The Transition to New CMS-1500

Is your software ready to handle the changes?

Now's the time to update your billing system software to ensure your office is ready to handle the latest 1500 form revisions from CMS.

Deadline: By April 2007, you'll have to use the new form to accommodate the new National Provider Identifier (NPI) numbers.

Sound familiar? This change is similar to Y2K or HIPAA Transaction Set deadlines billers have faced before: Your software needs to be ready before this change occurs.

Let our experts guide you through the confusion, and learn what you need to do to prepare.

Update Your Software

Because of the number of changes and the types of changes that the new CMS-1500 includes, your billing software programs will need updating in order to correctly print your claims. (For an overview of the changes, see the article "Get Up to Speed on the CMS-1500 Changes" later in this issue.)

"Accommodating new data fields and allowing for printing adjustments will be a huge pain for everyone, including software vendors," says **Cyndee Weston**, executive director of the American Medical Billing Association. "It will likely be a very costly change for billers and providers because some software vendors will use this as an income avenue. And if vendors don't start making changes soon, it's going to cause a lot of problems for end users and clearinghouses."

Best bet: Talk to your software vendor or clearinghouse as soon as possible. Find out what they intend to do to address the changes and when you can expect upgrades to occur. Get the time line from your vendor in writing to ensure that they deliver when they say they will. Knowing what to expect and when you can expect it will help make the transition less painful.

Clearinghouses Make It Easier

Bonus: If you work with a clearinghouse, you may not have to update your software as quickly as if you submit claims on your own. "Once the new format is required by the carrier, it should still not be necessary for a biller to send claims to the clearinghouse in the new format," says **Gary Lindsay**, president of Lindsay Technical Consultants Inc., a clearinghouse in North Mankato, Minn.

Take note: Consider your options, because even though you may be depending on a clearinghouse, there could be times that you need to drop to paper, and your CMS-1500 form would be incorrect if you don't update it now.

Caution: Don't expect the updates and changes to work perfectly the first time. "Billers should not expect the supplemental data fields to work properly on their EDI claims without some glitches," Weston says. She recommends that billers test the new form before the final deadline.

Tip: If you use a clearinghouse, ask them what plans they have in place to handle your claims if systems are not updated by the time you're required to begin using the new CMS-1500 forms. "In spite of what HIPAA says regarding dates the new format is required, I suspect not all carriers will be ready to accept the new format on the date mandated

by HIPAA. The clearinghouse will have to know which carriers accept which format and print the claim accordingly," Lindsay says.

Know These Critical Dates

The CMS stated in Transmittal 1010, released on July 28, that the new 1500 form implementation will be effective Jan. 1, 2007. Previously, the implementation was supposed to begin on Oct. 1, 2006, based on the recommended by the National Uniform Claim Committee (NUCC).

Important: The new CMS- 1500 form will be available to use starting Jan. 1. However, you won't be required to use the new form until April 2, 2007. According to CMS, during the transition period, carriers will accept both current and revised forms, meaning that you can use either the new version (08-05) or the version that you're now using (12-90) as follows:

- **Jan. 2-March 30:** You can use either the current form (CMS-1500, 12-90) or the revised form (CMS-1500, 08-05). "Health plans, clearinghouses, and other information support vendors should be able to handle and accept the revised Form CMS-1500 (08-05) by Jan. 2, 2007," CMS states in MedLearn Matters article MM5060.
- **After April 2:** You will only be allowed to use the new CMS- 1500 form. This includes any resubmission of bills that you need to handle after April 2.

"It's a good thing that the drop-dead date for the new form has been moved to April 2007. I think that will help a lot of software developers in buying them time to make the required upgrades to their programs," Weston says.

Editor's note: For instructions on how to use the new CMS-1500 form, watch future issues of Medical Office Billing & Collections Alert.