

Optometry Coding & Billing Alert

Are You Ready to Join HIPAA's Electronic Billing Bandwagon?

Here's what you need to know about the electronic-filing final rule

Good news: You've been given a reprieve on the Health Insurance Portability and Accountability Act's transaction standards rule.

That means you don't have to submit all your claims electronically by Oct. 16, as originally planned - but you should still be moving quickly in that direction, because no one knows how long the reprieve will last.

On Sept. 23, CMS conceded that too many providers aren't ready to submit HIPAA-compliant claims to strictly enforce the rule on Oct. 16.

The agency says it will implement a contingency plan to accept noncompliant electronic claims for an as-yet-undetermined period after the HIPAA transactions rule deadline.

"Implementing this contingency plan moves us toward the dual goals of achieving HIPAA compliance while not disrupting providers' cash flow and operations," CMS Administrator **Tom Scully** says.

CMS states that contingency plan will give optometrists and other providers more time to complete the testing process and that the agency will "regularly reassess the readiness of its trading partners to determine how long the contingency plan will remain in effect."

The big question now is: Will other payers follow suit and get ready?

"We encourage other plans to assess the readiness of their trading partners and implement contingency plans if appropriate," says **Tom Grissom**, director of CMS' Center for Medicare Management.

At least one health plan, BlueCross BlueShield of South Carolina, says it "temporarily will continue to accept electronic transactions from current submitters in HCFA 1500s (private practice) and UB92 (hospital) formats after the Oct. 16 deadline."

"BlueCross is prepared for HIPAA, but our assessment ... indicates that it is necessary for us to adopt a contingency plan to prevent the possible disruption of cash flow" to providers, **David Boucher**, BlueCross' assistant vice president of healthcare services, says in a statement. "Of the 9,000 providers, fewer than 5 percent have tested with us for HIPAA readiness, and even fewer have been successful," Boucher says.

Contingency Plan Is Not Cause to Snooze

Despite the delay, experts advise providers to act quickly to get their houses in order because the contingency plan won't remain in effect forever. Once implemented, the interim final rule CMS published in the Federal Register Aug. 15 formally requires that Medicare and Medicaid claims be submitted electronically, with only a handful of exceptions.

The biggest exception is small providers and suppliers. CMS defines "small" entities as either providers of services with fewer than 25 full-time-equivalent employees, or a physician, practitioner, facility or supplier with fewer than 10 full-time employees.

The rest of the exceptions include circumstances in which there is no method available for the submission of an

electronic claim - claims submitted directly by beneficiaries, for example, would fall into this category, as would roster billing of vaccinations, claims submitted under Medicare demonstration projects, claims in which more than one plan is responsible for payment prior to Medicare, and claims submitted during an interruption that's beyond the control of the organization submitting the claim.

If you don't fit the exception criteria, but you have other extenuating circumstances that prevent you from billing electronically, you can appeal to your carriers for special waivers that would excuse you from electronic billing. But carriers will likely grant these waivers only in "extraordinary circumstances," states an alert from attorneys **William Sarraille, Laura Cole** and **Susie Squier** with Sidley Austin Brown & Wood in Washington, D.C. The agency also points out that the rule applies to initial Medicare claims, not resubmissions for denials, adjustments or appeals.

If you don't start billing electronically soon, you could meet with bad consequences. "The [HHS] secretary may audit entities that continue to bill Medicare non-electronically, and those in violation may be subject to claim denials, overpayment recoveries, and applicable interest on overpayments," the Sidley Austin attorneys say.

"If you're not filing electronically, you might as well hang it up," says consultant **L. Michael Fleischman** with Gates Moore & Co. in Atlanta. Even if you meet the small-provider exception or receive a special waiver, don't hold your breath waiting for payment from paper claims, he says. Once everyone moves to electronic billing, those few paper claims remaining will fall to the very bottom of the carrier's pile, Fleischman says.

Tip: Work with your payers and business partners in advance to ensure that your claims submission process goes smoothly. If your practice isn't yet billing electronically, your best bet is to contact a clearinghouse to start handling your billing for you, Fleischman says. Of course, you must make sure the clearinghouse is HIPAA-ready, otherwise you'll be no better off than if you had taken no action at all.

Heads up: To prepare for the accounting nightmare that could accompany the implementation of the electronic filing rule, have a financial plan to protect your practice's revenue. The rule allows payers to make average monthly payments; that is, they can send you lump sums with no EOB attached, Fleischman says.

Strategy for success: Many experts expect to see substantial hold-ups in payment from Medicare once the deadline rolls around. To ensure you weather the potential dry spell, get a line of credit in place for your practice for two to three months of operating income, Fleischman says. Also, set some cash aside to cover yourself.

Editor's note: To see the rule, go to the Web site www.access.gpo.gov/su_docs/fedreg/a030815c.html.