
Program Memorandum Intermediaries/Carriers

Department of Health & Human
Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal AB-01-124

Date: SEPTEMBER 14, 2001

CHANGE REQUEST 1802

**SUBJECT: Health Insurance Portability and Accountability Act (HIPAA) Budget
Requests for Electronic Data Interchange Testing and Reporting**

This Program Memorandum (PM) provides carriers, Durable Medical Equipment Regional Carriers (DMERCs), and fiscal intermediaries (FIs) with corrected language to Transmittal AB-01-96, dated July 12, 2001, as well as clarification regarding trading partner acceptance of the coordination of benefits (COB) 837 (version 4010) transaction.

Transmittal AB-01-96 required intermediaries, carriers, and DMERCs to include any necessary costs incurred to comply with the HIPAA testing requirements in their 2002 Budget and Performance Requirements (BPRs) funding requests. Since many contractors have already completed their 2002 BPRs requests, the cost issues are revised as shown below.

Cost Issues

Intermediaries and carriers should submit Supplemental Budget Requests (SBRs) for reasonable supplemental costs incurred to comply with these non-routine testing requirements in FY 2002. DMERCs were not previously required to implement X12N standards and are entitled to reasonable costs for testing. DMERCs should submit SBRs in FY 2002 for the reasonable and allowable costs they incur testing X12N standards.

Intermediaries, carriers, and DMERCs should submit SBRs for the reasonable and allowable costs they incur if they choose to test with a certification system or if CMS requires them to do so.

Coordination of Benefits (COB) Trading Partners

Transmittal AB-01-96 required you to notify your COB trading partners that they must be able to accept the X12N 4010 837 COB by October 16, 2002, and that you make it clear to your COB trading partners that they must notify you when they will be ready to accept the X12N 4010 837 COB transaction. In order that your COB trading partners are clear on this requirement, your COB trading partners must submit to you, as soon as possible, a written statement indicating that they will or will not be ready to accept the X12N 4010 837 COB transaction by October 16, 2002.

There are a number of reasons why you are not to automatically send COB if your trading partners have not notified you that they are not capable of receiving the X12N 4010 837 COB transaction:

- Providers would believe the claim was sent and processed by the other payer based on the notification on the remittance advice. If the other payer couldn't accept and process the transaction, contractor customer service would be inundated with provider inquiries;
- Medicare contractor records would indicate the claim was cross-over, but the other payer would not have records indicating they received the transaction, thus another customer service problem; and
- Medicare contractors expect their trading partners to pay for the COB claims automatically forwarded, however, the other payer would not be obligated to pay since they will not have a record of receiving the transactions.

CMS Pub. 60AB

To reiterate, it is extremely important that you make it very clear to your COB trading partners that they must notify you as to whether they will or will not be ready to accept the HIPAA X12N 4010 837 COB transaction on October 16, 2002. If they do not notify you or if they notify you that they will not be ready to accept the HIPAA X12N 4010 837 COB transaction, you will not be able to send them electronic COB transactions after October 16, 2002.

The *effective date* of this PM is October 1, 2001.

The *implementation date* of this PM is October 1, 2001.

This PM may be discarded after October 16, 2002.

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