

Electronic Claims: What Every Practice Must Consider

If you aren't submitting Medicare claims electronically you should reconsider. It leads to faster payment and could be mandatory.

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Since the dawn of HIPAA, some opponents of the legislation have urged practices to continue submitting paper claims in order to sidestep the Privacy Rule related to electronic submission. While such a tactic may seem reasonable at first blush, the fact is that paper submission leads to slow repayment, and it isn't even allowed for some practices. With CMS announcing stronger enforcement efforts, practices should reconsider whether and how requirements affect them. Here's a look at the requirements regarding electronic submissions.

HIPAA's Privacy Rule

The requirement that claims be submitted electronically, one of the lesser-known elements of the HIPAA legislation, was effective October 16, 2003. However, there has been no interruption in payment of paper claims to this point. That will change soon. Physicians who file paper claims will be denied payment unless they meet criteria that allow them to file on paper.

Some of the criteria that justify an exception include:

- A small provider, fewer than 10 full-time equivalent employees;
- A provider that submits claims when more than one other payer is primary to Medicare;
- A provider whose electricity and communication connections have been disrupted beyond its control.

Enforcement Measures

Effective July 5, 2005, Medicare carriers began tracking the number of paper claims filed by each provider for each quarter. By the end of the month following quarter end, providers with the highest numbers of paper claims will be reviewed and asked to provide information establishing an exception. Providers will be given 45 days to respond.

If there is no response, the carrier will begin denying all paper claims received 90 days or more after the initial letter. If a response is provided but does not establish eligibility to submit paper claims, the carrier will notify the practice of the ineligibility to submit paper claims. This decision is not subject to the Medicare appeal process.

If the practice supplies information showing eligibility to submit paper claims, the carrier will notify the practice by mail that the exception is met. The practice will continue to receive payments for paper claims.

Reasons to go Paperless

While many dermatology offices would qualify for the exception from electronic submissions because they have fewer than 10 full-time equivalent employees, submitting paper claims is not recommended. Most significantly, paper submission leads to delayed payments. Carriers are required to wait 28 days to pay your claim if it is filed on paper—about twice the time it takes to get money from an electronic claim.

Additionally, electronic filing may lead to fewer billing errors. Most electronic filing systems check outgoing claims and alert you to errors before sending them out. If you are currently filing on paper in efforts to avoid the expense of a computer system for electronic claims, you should know that software is available free of charge from Medicare carriers. Contact your Medicare carrier for information. ❏

Denials for 17003?

The staff of DermResources recently learned that United HealthCare is requiring billers to attach modifier 59 to claims for 17003 (destruction, benign lesion, 2-14). That is an incorrect use of the modifier; 17003 should never need any modifier to be paid, particularly not 59. Worse still, when the biller tried to refile the claim with the 59 modifier as she had been instructed by UHC to do, the claims were denied as duplicates! We found the problem is not isolated to one practice or one area of the country, though practices in some areas have not been affected at all. We contacted the American Academy of Dermatology on behalf of these clients and learned that the AAD website (aad.org) provides a list UHC network account managers under the "Dermatology Professionals" section (click on "United Healthcare Network Account Manager List"). If you are having problems with 17003 denials, contact the UHC contact person listed for your area.

We thank the AAD for their efforts.