

Blue Cross Blue Shield of Michigan Ready for HIPAA Deadline of Oct. 16; Makes Provisions for Those Who Are Not

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DETROIT, Sept. 26, 2003 - The federal government is allowing additional time for physicians and hospitals that send in claims payments for Medicare and Medicaid to become compliant under a new federal law, saying that it is taking longer for some physicians and hospitals to comply with mandated electronic claims and transaction formats.

Blue Cross Blue Shield of Michigan and its HMO subsidiary, Blue Care Network, said they will also make provisions to allow additional time for doctors and hospitals to submit the HIPAA-required formats when they bill the Blues. But it will result in increased costs if the compliance delay is lengthy.

"A dual system costs more and we don't want to continue it for a long period of time. We'll continue to work with physicians and other medical providers so they can achieve compliance with the new regulations and we can eliminate the older format," said William P. Smith, Blues senior vice president and CIO.

The government's original compliance deadline for the Health Insurance Portability and Accountability Act (HIPAA) was October 16, 2003.

The Michigan Blues have implemented a "dual operating" system that will enable their electronic trading partners -- thousands of physician offices, hospitals, other medical providers and the vendors who service them -- to submit either old or new electronic transaction formats.

"We are doing this so there is no major disruption of payments to Michigan hospitals and doctors, regardless of whether they are submitting the old or new formats for electronic health care transactions," said Smith.

Extensive efforts have been underway for the last several years in Michigan to promote compliance with the new HIPAA regulations. The Michigan Blues have joined with Medicare and the Michigan Department of Community Health (Michigan Medicaid) to offer a series of free conferences and training sessions open to all trading partners and also hosted statewide seminars for physicians.

The Blues also worked closely with physician groups and the Michigan Health & Hospital Association in joint educational activities. The company mailed physicians and other medical providers a series of HIPAA communications and joined with the Michigan Department of Community Health (Michigan Medicaid) in providing an online self-testing tool to its trading partners at no charge.

The Michigan Blues have met the compliance deadline but worry that many of its trading partners will not. The company says only 10% to 12% of the electronic transactions it receives today from its trading partners are submitted on the new HIPAA compliant format.

"That leaves a whole lot of trading partners who have yet to implement the new required formats," said Smith.

Smith said the top 40 electronic trading partners of the Michigan Blues, who represent 80% of the transactions submitted to the company, have successfully completed self-testing, a major step in the process. However, some of those entities still have to provide the tested software to the medical providers they serve.

Another issue, one that involves paper claims, is emerging. There is a misconception that since the law only applies to health care transactions conducted electronically and to those medical practices with more than 10 employees, that switching to paper claims is an effective way to comply with the law. It is not. Paper claims are not only more costly to process, they slow down the payment process.

The Blues also reported they are handling an increasing number of phone calls from physician offices and other trading partners that have questions about installing the new formats.

During 2002 the Michigan Blues received 54 million physician claims, and 9.8 million hospital and medical facility claims on behalf of its 4.8 million members.