

Conducting Business Electronically with Michigan Medicaid



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EDI – Reducing the Cost of Doing Business

- Since the introduction of electronic billing, the healthcare industry has been able to reduce the costs associated with business-to-business communications.
- Tremendous growth in technology has made electronic transactions an essential tool for conducting business efficiently.
- EDI has many advantages over paper billing:
 - Electronic information is portable, re-usable, retrievable, storable and interchangeable between partners.
 - Paper billing can be inefficient, slow, redundant, costly & frustrating.
 - Paper billing will soon be obsolete, as many major payers will be eliminating paper transactions completely.

HIPAA's Impact on Electronic Business

- HIPAA transactions will revolutionize healthcare administration for providers, payers and patients.
- HIPAA was designed to speed up the adoption of EDI.
- National standards were developed to unify formats and code sets in order to simplify transactions and reduce expenses.
- Practitioner-patient relationship will benefit from the portability of patient records.

Benefits to the Healthcare Industry

Improved Business Practices

Electronic transactions will lead to improved business practices through administrative simplification.

- EDI allows for multiple transactions and streamlines processing.
- Operating costs are lower.
- Information exchange is simplified.
- Paperwork is reduced.

Save Time and Money Submitting Cleaner Claims

- Providers will be able to submit “cleaner” claims, resulting in faster payment, less frustration and lower administrative costs.
- Electronic formats are pre-edited to reduce common data entry errors:
 - Eliminates administrative time wasted on manual tasks like data re-entry.
 - Saves time and increases productivity.

Reduce Excessive Paperwork and Storage Needs

- Conducting business electronically reduces the amount of unnecessary paperwork by exchanging and storing information electronically via computers.
- Accounts payable and accounts receivable benefit as well:
 - Checks, claims, and remittance advice reports no longer need to be shuffled between various healthcare organizations.
 - Information no longer needs to be handled by multiple administrative personnel.

Speed Up Your Cash Flow

- Information delivery is greatly accelerated due to computer processing power and the Internet.
- Faster submission of accurate claims produces quicker payments and reduces days in accounts receivable.

Enjoy Improved Communications

- Healthcare information will be more secure.
- Overall privacy will be enhanced and fortified.
- Portability of patient records will be easier to access for payers, providers and patients.
- Trading Partners will know the status of claims through electronic acknowledgement of receipt (997 – Confirmation transaction).
- Coordination of benefits will be improved, benefiting both payers and providers.

How to Take Advantage of EDI

How to Take Advantage of EDI:

- Hire a full-service e-biller who can implement multiple transactions, helping you to take advantage of the many benefits of EDI.
 - Start your search for an e-biller by reviewing the approved vendor list on the MDCH web site.
- Convert to Electronic Fund Transfer (EFT) to speed up your Medicaid payments.
 - EFT is quicker.
 - Money is deposited directly into your business bank account, saving time and money.

Transactions that Occur Prior to Service

Transactions Prior to Service

- **270 – Eligibility Inquiry:**

Providers request patient eligibility, coverage and benefit information from a payer.



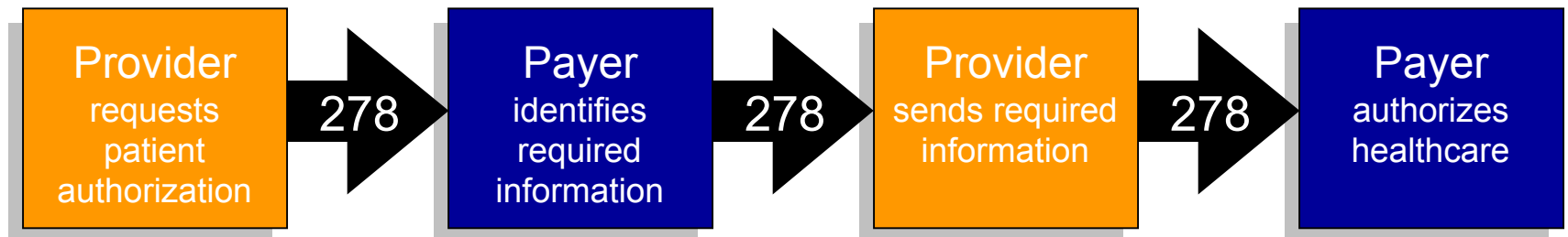
- **271 – Eligibility Response:**

Payers respond to a provider's request for eligibility, coverage and benefit information.

Transactions Prior to Service

- **278 – Authorization Request:**

From the provider to the payer for patient authorization or referral.



- **278 – Authorization Response:**

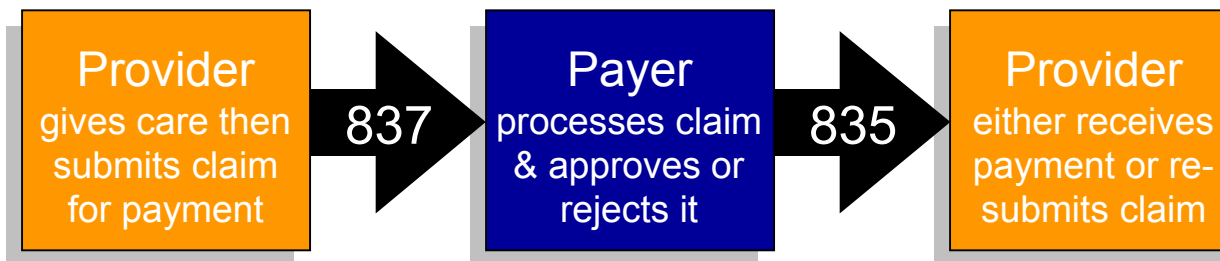
When the payer responds to the provider's request for authorization or referral it is also known as a 278 transaction.

Claim-Related Transactions

Claim-Related Transactions

- **837 – Claims:**

When healthcare service is rendered, the claim is submitted via an 837. The HIPAA-mandated version of that transaction is the ASC X12N 837 v.4010A1.



- **835 – Remittance:**

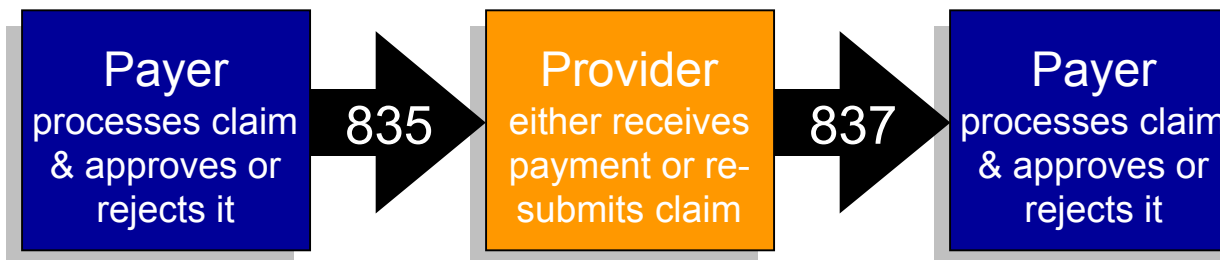
Used to transfer payment and remittance information for adjudicated healthcare claims, only Paid and Denied claims can be reported in an 835 transaction using claim status codes. The 835 contains detailed information about the claim, including payee, payer, amount, etc.

Payment-Related Transactions

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Used to transfer payment and remittance information for adjudicated healthcare claims, only Paid and Denied claims can be reported in an 835 transaction using claim status codes. The 835 contains detailed information about the claim, including payee, payer, amount, etc.



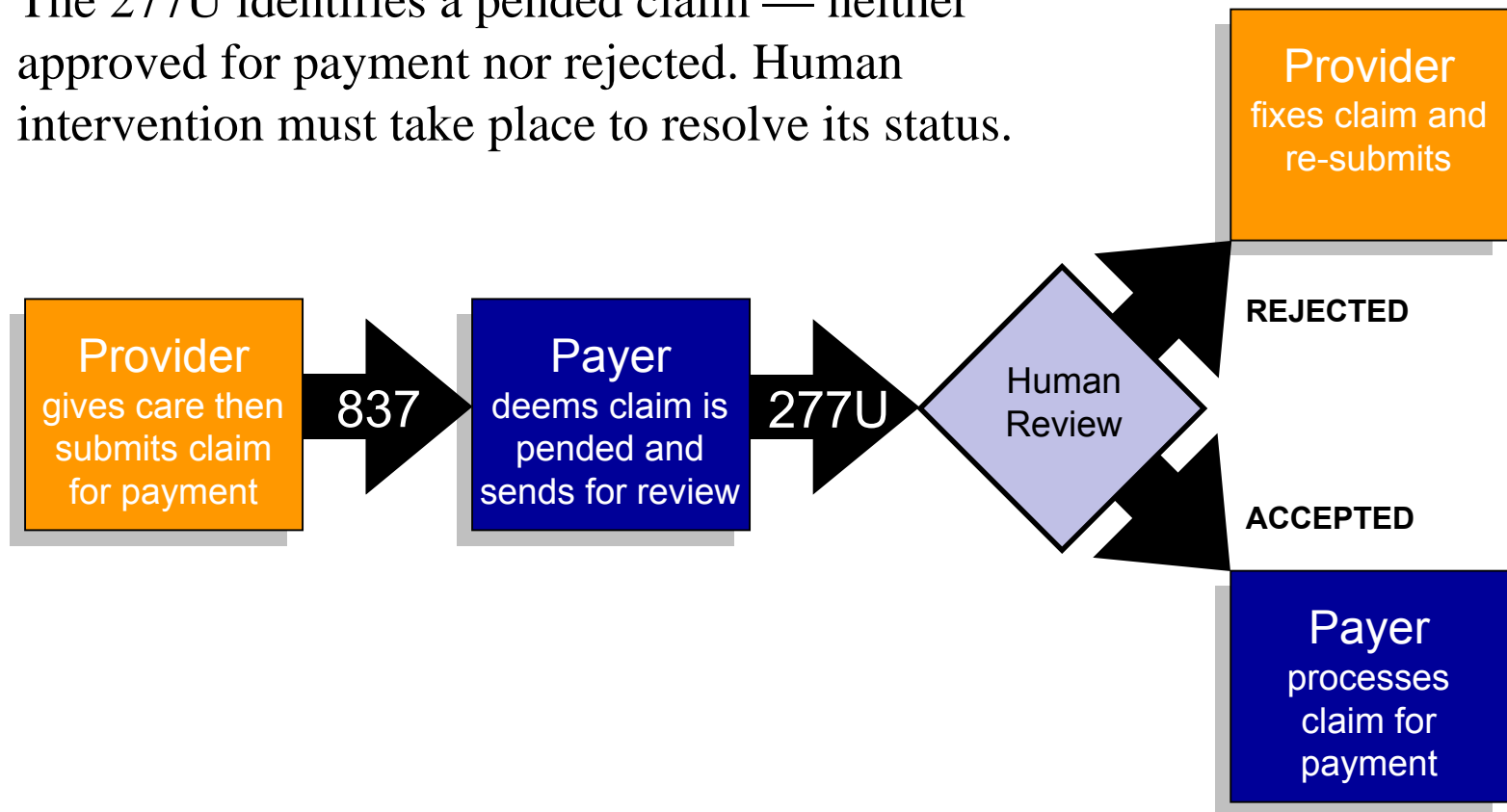
- **EFT – Electronic Fund Transfer:**

EFT refers to the electronic movement of funds from one bank account to another (similar to direct deposit). EFTs reduce cost and paperwork, improving operating efficiency

Payment-Related Transactions

- **277U – Unsolicited Claim Status Response**

The 277U identifies a pended claim — neither approved for payment nor rejected. Human intervention must take place to resolve its status.

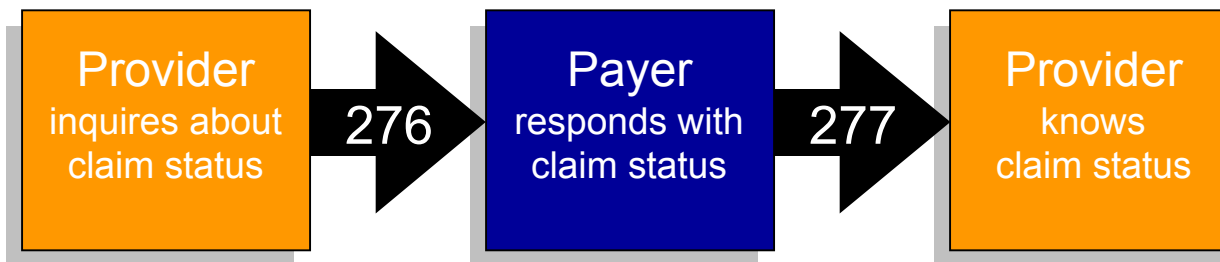


Transactions That Can
Occur Any Time

Transactions That Can Occur Any Time in the Process

- **276 – Claim Status Inquiry:**

Once healthcare service has been rendered and an 837 claim has been submitted, the status of the claim can be tracked. The 276 provides partners the processing status of Professional, Institutional and Dental claims.



- **277 – Claim Status Response:**

The status of the claim is tracked by the payer and sent to the provider.

The Transaction That Occurs
with Every Provider Transaction

The 997 – Confirmation Transaction

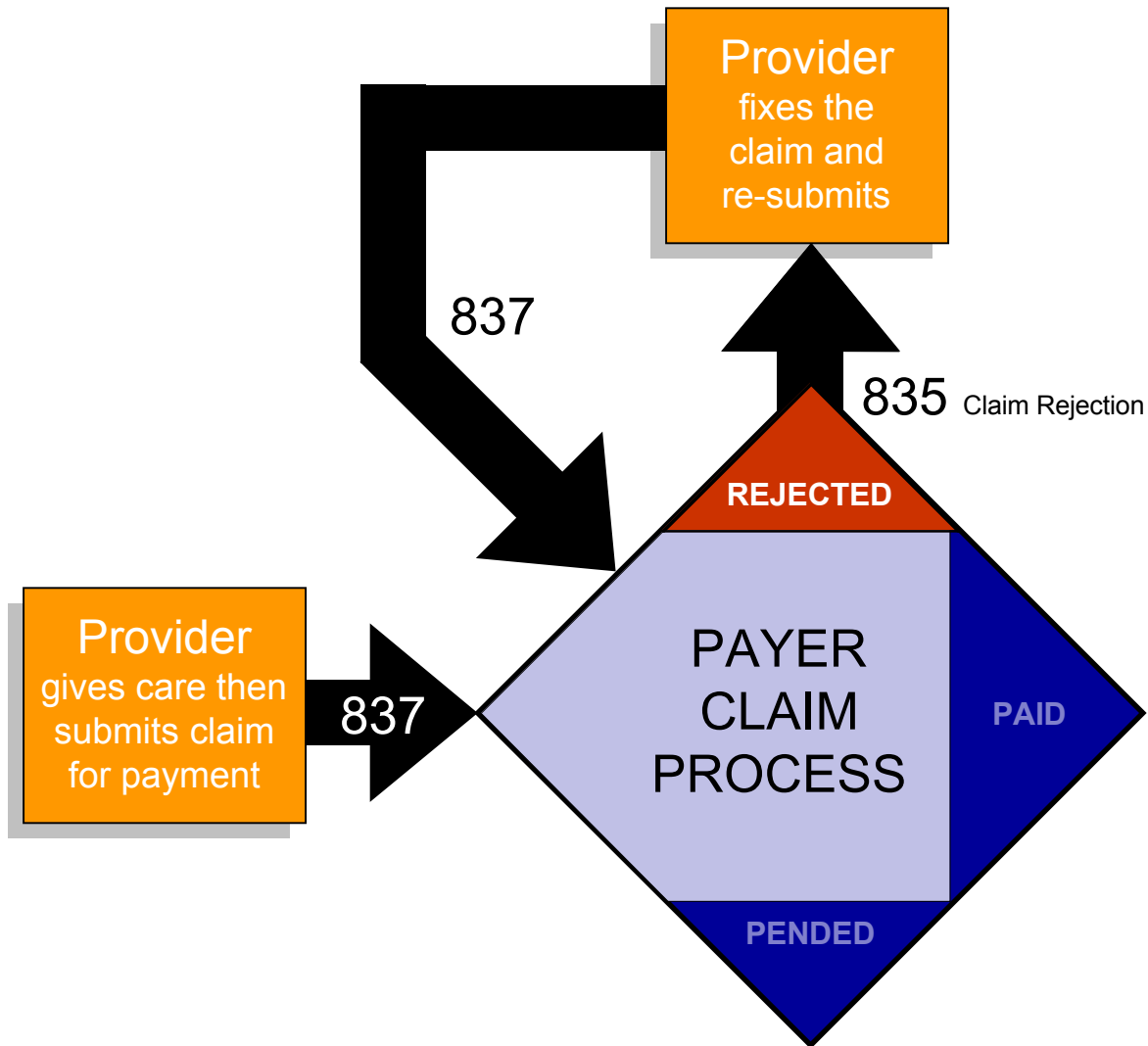
- **997 – Confirmation Transaction**

Trading partners will know when their transactions are in the system because Medicaid will send an electronic acknowledgement of receipt.

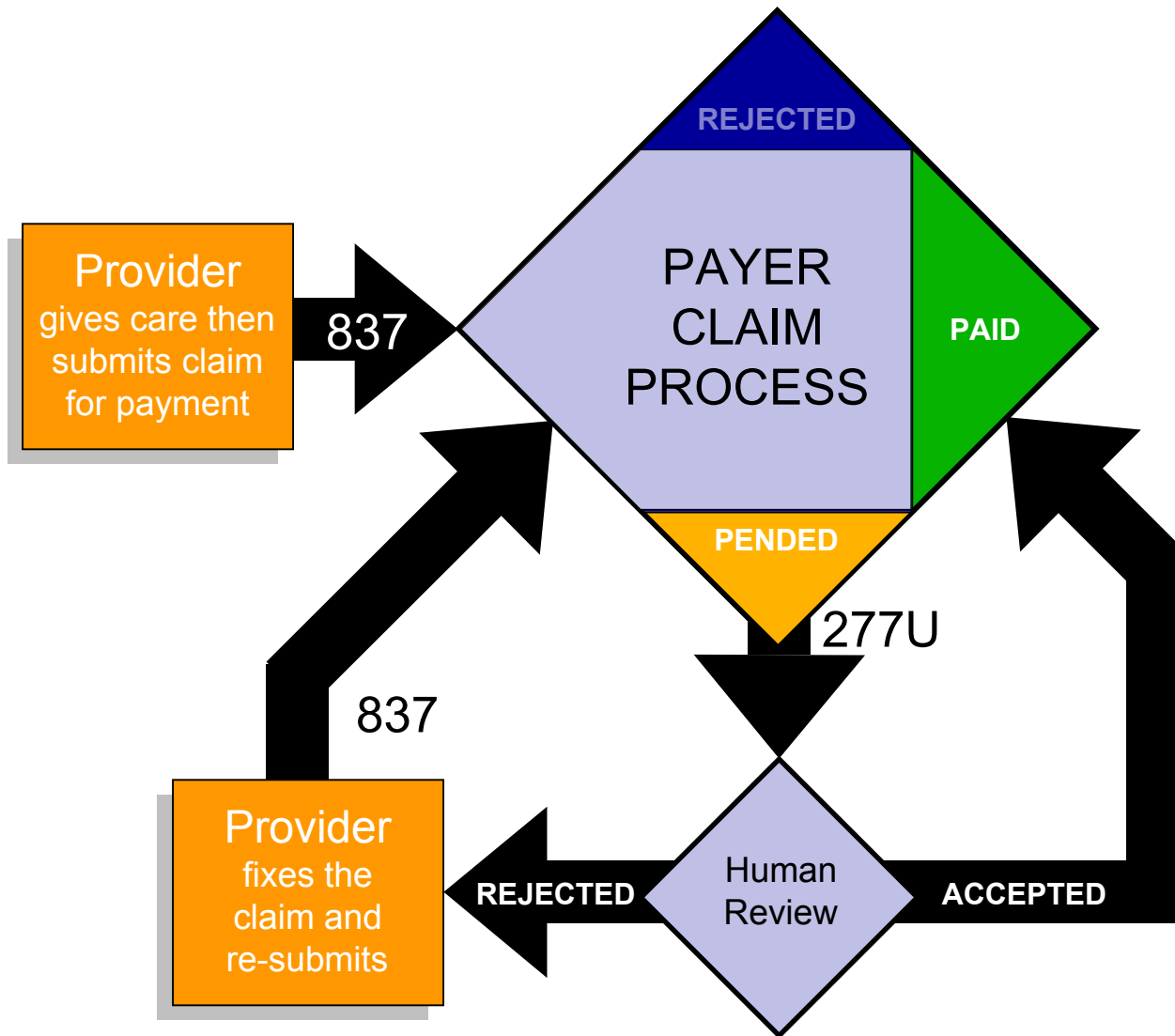


The Payer Claim Process

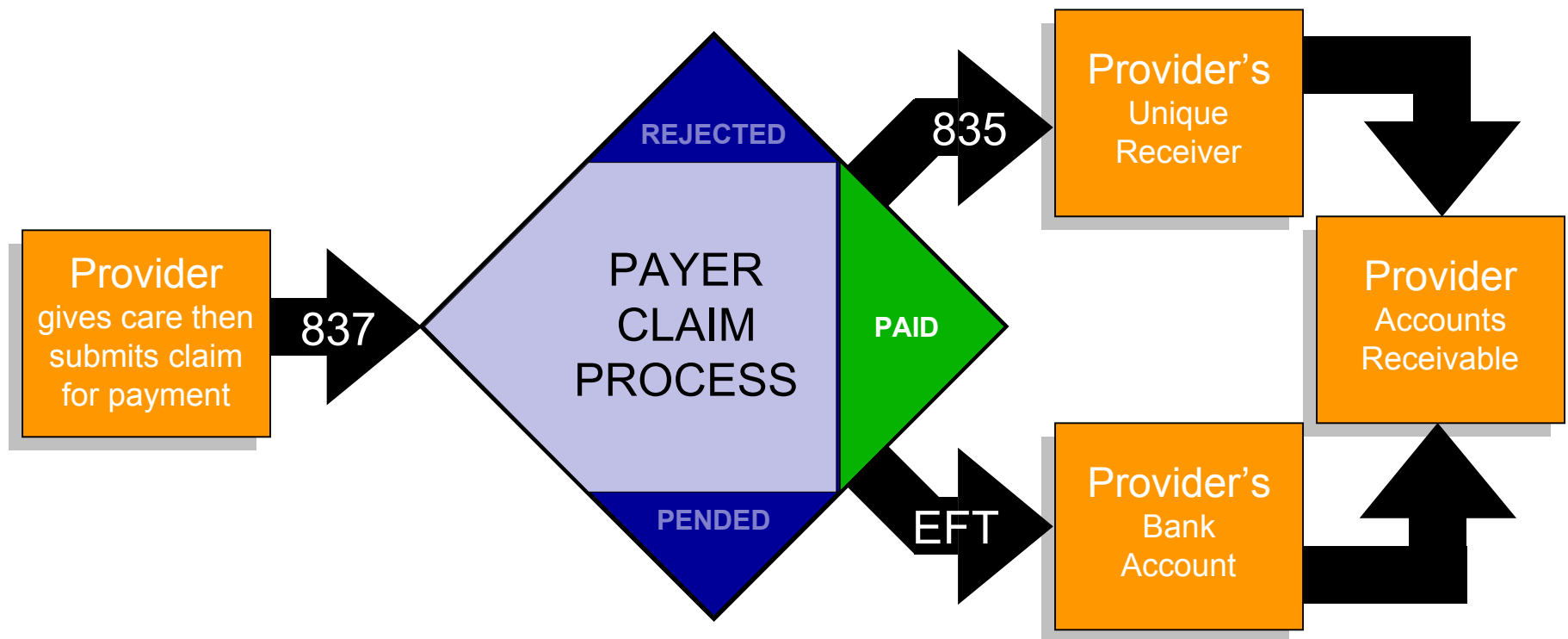
What Happens if an 837 Transaction is Rejected?



What Happens When an 837 Transaction is Pended?



What Happens When an 837 Transaction is Paid?



Need More Information?

Primary Resources

- Michigan Department of Community Health:
 - www.michigan.gov/mdch
 - providersupport@michigan.gov
 - To become an electronic biller contact automatedbilling@michigan.gov

- mihealth.org — your Michigan health resources link:
 - www.mihealth.org

For More Information about EFT

- Michigan Department of Community Health:
 - www.michigan.gov/mdch — official policy and information
 - Provider Hotline — 1-800-292-2550
 - providersupport@michigan.gov
- Contract & Payment Express (C&PE) — to sign up for Electronic Fund Transfer (EFT):
 - www.cpexpress.state.mi.us

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