



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bob Wise
Governor

Paul L. Nusbaum
Secretary

M E M O R A N D U M

Date: September 12, 2003

To: Medicaid Certified Nursing Facilities

From: Joan G. Armbruster, Director
Long Term Care

Re: HIPAA Compliance Issues for Nursing Facilities

On July 24, 2003, the Centers for Medicare and Medicaid Services (CMS) issued guidance to the states in their move to HIPAA transaction and code set compliance. CMS' main concern is that there be no disruption in the payment process to providers. Enforcement will be a complaint driven process. If CMS receives a complaint, they will look at three factors:

1. Continued outreach to the providers and billing agents;
2. Continued testing; and
3. Continued (good faith) attempts to move toward compliance.

As many of you are well aware, the compliance date for HIPAA uniform electronic transaction claim submission is October 16, 2003. The contract for the Bureau's replacement MMIS through Unisys was not awarded until April 1, 2003. This moved the implementation date for the new MMIS beyond the HIPAA compliance date. Unisys implementation is scheduled for February 2, 2004.

Since the Bureau decided not to remediate the current MMIS, and since the LTC claim formats and adjudication are so complex, there is no reasonable method for accepting and processing nursing home claims through the use of the HIPAA 837 transaction. If the nursing facilities would submit an 837 transaction through the clearing house, there would be no ability to calculate the case mix thus making a payment based on a per diem rate (base rate plus nursing rate) times days. This pricing methodology would be in effect for the 4 month interim period. After Unisys implementation, claims would have to be adjusted to the correct case mix payment.

In meetings held with industry representatives, it was determined that a four to five month delay in the case mix adjustment would cause serious cash flow problems for many of the facilities in West Virginia. For that reason, the Bureau has requested that ACS receive nursing home claims using the current electronic format (LTCS) until January 2004.

The new MMIS system will be ready to receive claims by February 2, 2004, with the first adjudication occurring that week. At that time, claims must be submitted in the 837I electronic format. The claim information will then be matched with MDS data from the EDS repository for calculating the West Virginia specific case mix. WV will continue to use the current methodology for calculation of the 29 WV specific case mix classes. Codes and other necessary information will be provided by Unisys, who will begin outreach and testing in November 2003.

A WORD TO THE WISE! Since this conversion will be to an entirely new MMIS system through Unisys, each nursing facility should resolve all outstanding claims as soon as possible. All electronic claims must be submitted to ACS by the end of work on January 9, 2004, to receive payment for services provided prior to January 1, 2004. Any claims submitted after that date will not be accepted in the ACS system, and the facility will have to resubmit the claims in February of 2004 to Unisys. No paper claims will be accepted after December 31, 2003 by ACS. Acceptance of paper claims will resume in February through Unisys. Paper claims must be in the standard UB format after February.

The long term care unit will focus entirely on the resolution of suspended claims in January so claims can be adjudicated and included in the January payment. Since any suspended claim will be denied after January 21, 2004, it is very important that individual nursing homes not call the workers in the Long Term Care Unit to check on claim status. The Bureau's LTC staff will be working hard to release suspended claims before the ACS final adjudication date.

JGA:pw

