

# REPORT ON FINDINGS TO MAKE E-BILLING MANDATORY FOR THE MEDICAID PROGRAM

(FY2012 Appropriation Bill - Public Act 63 of 2011)

April 1, 2012

**Section 1832:** (1) The department shall continue efforts to standardize billing formats, referral forms, electronic credentialing, primary source verification, electronic billing and attachments, claims status, eligibility verification, and reporting of accepted and rejected encounter records received in the department data warehouse. (2) The department shall convene a workgroup on making e-billing mandatory for the Medicaid program. The workgroup shall include representatives from medical provider organizations, Medicaid HMOs, and the department. The department shall report to the legislature on the findings of the workgroup by April 1 of the current fiscal year. (3) The department shall provide a report by April 1 of the current fiscal year to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies detailing the percentage of claims for Medicaid reimbursement provided to the department that were initially rejected in the first quarter of fiscal year 2011-2012.

*Michigan Department  
of Community Health*



Rick Snyder, Governor  
Olga Dazzo, Director

**Michigan Department of Community Health**  
**Boilerplate Report Section 1832(2)**  
**PA 63 of 2011**

Several staff members from the Medical Services Administration (MSA) convened a meeting to discuss how to move forward with mandatory e-billing for all medical claims. In order to complete this change, the following issues must be addressed.

MSA will need approval from the Centers for Medicare and Medicaid Services (CMS) in order to require all providers to submit claims in an electronic format. Historically, MSA staff have requested CMS approval to require providers to submit all claims electronically on numerous occasions. CMS routinely denied the request stating this would become an access to care issue, as there are providers who have no capability to submit claims electronically.

With the certification of the Community Health Automated Medicaid Processing System (CHAMPS) in 2011, CMS has provided more flexibility in allowing Michigan to pursue the electronic claim submission requirement. This is in light of the fact that CHAMPS has the Direct Data Entry (DDE) functionality, which allows providers to submit their claims electronically.

CMS will support the movement towards the electronic claim requirement if MSA can assure that, from a program management perspective, beneficiary access to care and freedom of choice of providers will not be restricted. The Federal Regulations stipulate that every beneficiary be guaranteed the freedom to choose any provider who is qualified to perform the service and willing to provide services to a Medicaid beneficiary. If a particular provider did not have the capability to bill the program in an electronic format, MSA would have to allow them to submit claims in a paper format. MSA staff continue to discuss this issue with CMS.

MSA staff are formulating a plan to move forward with the requirement as stated in Section 1832(2) and addressing CMS' concerns. MSA is in the process of identifying those providers who bill using a paper format in an effort to create an outreach plan designed to teach these providers how to submit electronic claims using the available technology.

With these efforts, MSA can significantly decrease the volume of paper claim submission. However, to remain compliant with CMS regulations, MSA realizes that the full elimination of paper claims may not be realized in the short term.