

**Bulletin:** MSA 10-54

**Distribution:** All Providers

**Issued:** December 1, 2010

**Subject:** Upcoming Michigan Department of Community Health (MDCH) Implementation of the Health Insurance Portability and Accountability Act (HIPAA) 5010 and ICD-10

**Effective:** As Indicated

**Programs Affected:** Medicaid, Adult Benefits Waiver (ABW), Children's Special Health Care Services (CSHCS), Children's Waiver Program (CWP), Children's Serious Emotional Disturbance Waiver (SEDW), Maternity Outpatient Medical Services (MOMS), Plan First!, and other Health Care Programs administered by MDCH

The purpose of this bulletin is to provide general information about MDCH's plans for compliance with the HIPAA Electronic Transaction Standards modifications version 5010 and transition to ICD-10 medical code sets. Both initiatives will have a significant impact on payers and providers (both Fee-for-Service and Medicaid Health Plans) and will result in changes in interactions with the Community Health Automated Processing System (CHAMPS). The initiative also impacts pharmacy claims submitted to the MDCH Pharmacy Benefits Manager (Magellan). Further details regarding the implementation of the National Council for Prescription Drug Programs (NCPDP) version D.0 standards will be communicated through Magellan.

### **MDCH 5010 IMPLEMENTATION**

The implementation of HIPAA 5010 is applicable to all covered entities, including all health care providers, health care clearinghouses and business associates that use HIPAA transactions (i.e., billing services and agents). It substantially changes the content and structure of the data submitted within electronic transactions and the data available in response to electronic inquiries. The implementation will require changes in software, systems, and business processes currently used for billing Medicaid and other payers.

**Effective January 1, 2012, providers must submit electronic healthcare transactions using the X12 version 5010.** Providers who do not convert to the version 5010 by the compliance date, will have their claims and other transactions rejected. Reimbursement delays and resubmission costs could occur. Providers should have already started planning and be in discussions with their information technology (IT) staff, vendor or clearinghouse to confirm they can support 5010 requirements and ICD-10 code sets.

HIPAA 5010 applies to any provider that currently uses version 4010A1 standard electronic transactions or for those who wish to begin electronically reporting or inquiring about health care transactions. Electronic transactions offer efficiencies in claims filing and inquiries. MDCH encourages all providers to consider adopting electronic billing if they are currently submitting paper claims.

**MDCH will require the new 5010 transaction formats and will no longer accept the 4010A1 formats beginning with files received on or after January 1, 2012.** MDCH is implementing the following HIPAA 5010 transactions:

- 837 Health Care Claims/Encounters (Institutional, Professional and Dental)
- 276/277 Health Care Claim Status Request and Response
- 835 Health Care Claim Payment/Remittance Advice

- 278 Health Care Services – Request Authorization
- 270/271 Eligibility Inquiry and Response
- 834 Health Plan Enrollment
- 820 Premium Payments
- TA1/999 Acknowledgements

The above transactions have recently been updated to include Errata which were adopted by the Centers for Medicare and Medicaid Services (CMS) via the Federal Register notice October 13, 2010. Changes identified in the Errata will become part of the HIPAA 5010 standard and must be implemented accordingly. The Errata changes do not affect the compliance date of January 1, 2012.

Effective January 1, 2012, MDCH will **discontinue** the use of the 277 Unsolicited Response for reporting suspended claims to providers and will only produce a 5010 compliant 835 Health Care Claim Payment/Remittance Advice transaction. The MDCH 5010 Project is already in the process of identifying and planning for 5010 format, editing, adjudication, and systems changes in CHAMPS to accommodate the new 5010 standards. **Business-to-business testing** will be offered to all providers and trading partners at a minimum of six months prior to implementation. MDCH will also be increasing enforcement of HIPAA compliance through the implementation of all **HIPAA Type 1 and Type 2 edits**.

### **MDCH ICD-10 IMPLEMENTATION**

**MDCH is working simultaneously on the ICD-10 Project with a planned implementation of October 1, 2013.**

Adopting ICD-10 is a HIPAA mandate for the entire health care industry. ICD-10 greatly expands the number of diagnosis/procedure codes (from about 17,000 to over 141,000 codes) and allows greater specificity to report better clinical information in the future. Providers and other trading partners must fully understand where and how ICD-9 codes are used within their organizations so they can be replaced by the new ICD-10 code sets within their business and billing practices.

The ICD-10-CM and ICD-10-PCS code sets will be required for diagnosis reporting in all covered health care settings and procedure reporting for inpatient hospital claims **effective with dates of service (discharge date for inpatient admissions) on or after October 1, 2013**. The 5010 implementation is a prerequisite for implementing the new ICD-10 medical code sets. The 5010 transactions accommodate the ICD-10 codes; however, ICD-10 codes will not be accepted until the compliance date of October 1, 2013.

If providers have not already started their ICD-10 implementation, they must not delay and should start immediately.

### **5010 AND ICD-10 RESOURCES**

There are many professional, clinical, and trade associations offering a wide variety of HIPAA 5010 and ICD-10 information, educational resources and checklists. Call or check the websites of applicable associations and other industry groups to see what is available. Official CMS resources can be found at:

CMS ICD-10: [http://www.cms.gov/ICD10/01\\_Overview.asp](http://www.cms.gov/ICD10/01_Overview.asp)

CMS 5010: [http://www.cms.gov/versions5010andd0/40\\_educational\\_resources.asp](http://www.cms.gov/versions5010andd0/40_educational_resources.asp)

MDCH will provide additional information to assist and keep everyone apprised of Medicaid's progress in implementing the HIPAA 5010 and ICD-10 through various modes of communication, including an upcoming 5010/ICD-10 web page and Frequently Asked Questions (FAQs) that will be available on the MDCH website.

### Public Comment

The public comment portion of the policy promulgation process is being conducted concurrently with the implementation of the change noted in this bulletin. Any interested party wishing to comment on the change may do so by submitting comments in writing to:

Faye Ruhno  
Michigan Department of Community Health  
Medical Services Administration  
P.O. Box 30479  
Lansing, Michigan 48909-7979  
Or  
E-mail: [ruhnof@michigan.gov](mailto:ruhnof@michigan.gov)

If responding by e-mail, please include "HIPAA 5010/ICD-10" in the subject line. Comments received will be considered for revisions to the bulletin.

### Manual Maintenance

This bulletin should be retained until further details are released.

### Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

### APPROVED



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