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Electronic Health Care Claims

How to Submit Claims: Claims may be electronically submitted to a Medicare carrier, Durable Medical Equipment Medicare Administrative Contractor (DME MAC), or a fiscal intermediary (FI) from a provider's office using a with software that meets electronic filing requirements as established by the HIPAA claim standard and by CMS requirements contained in the provider enrollment & certification category area of this web site and the Enrollment page in this section of the web site. Providers that bill FIs are also permitted to submit claims e via direct data entry screens.

Providers can purchase software from a vendor, contract with a billing service or clearinghouse that will provide programming support, or use HIPAA compliant free billing software that is supplied by Medicare carriers, DME MACs and FIs. Medicare contractors are allowed to collect a fee to recoup their costs up to \$25 if a provider requests a Medicare contractor to mail an initial disk or update disks for this free software. Medicare contractors maintain a list on their providers' web page that contains the name of vendors whose software is currently being successfully to submit HIPAA compliant claims to Medicare. This is done for the benefit of providers interested in purchasing electronic billing software for the first time or in changing their current software.

How Electronic Claims Submission Works: The claim is electronically transmitted in data "packets" from the provider's computer modem to the Medicare contractor's modem over a telephone line. Medicare contractors perform initial edits. The initial edits are to determine if the claims in a batch meet the basic requirements of the HIPAA claim standard. If errors are detected at this level, the entire batch of claims would be rejected for correction and resubmission. Claims that pass these initial edits, commonly known as front-end edits or pre-edits, are then edited against implementation guide requirements in those HIPAA claim standards. If errors are detected at this level, only the individual claims included in those errors would be rejected for correction and resubmission. Once the first two levels of edits are completed, each claim is edited for compliance with Medicare coverage and payment policy requirements. Edits at this level result in rejection of individual claims for correction, or denial of individual claims. In each case, the submitter receives a batch or of the individual claims is sent a response that indicates the error to be corrected or the reason for rejection. After successful transmission, an acknowledgement report is generated and is either transmitted back to the provider or placed in an electronic mailbox for downloading by that submitter.

Electronic claims must meet the requirements in the following claim implementation guides adopted as national standard under HIPAA:

- Providers billing an FI must comply with the ASC X12N 837 Institutional Guide (004010X096A1).
- Providers billing a Carrier or DME MAC (for other than prescription drugs furnished by retail pharmacies) must comply with the ASC X12N 837 Professional guide (004010X098A1).
- Providers billing a B DME MAC for prescription drugs furnished by a retail pharmacy must comply with the Council for Prescription Drug Programs (NCPDP) Telecommunications Standard 5.1 and Batch Standard V.

For more information please contact your local Carrier, DME MAC or FI (link below) or refer to the Medicare Processing Manual (Pub.100-04), Chapter 24.

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[X12N 837 version 4010A1 implementation guides](#)

[National Council for Prescription Drug Programs Telecommunications Standard version 5.1 and Batch Standard 1.1 implementation guide Note: NCPDP charges non-members of that organization for copies of this implementation guide.](#)

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