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## Headlines in Health Law

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### INTERIM FINAL RULE REQUIRING PROVIDERS TO SUBMIT MEDICARE CLAIMS ELECTRONICALLY

On August 15, 2003, the Department of Health and Human Services issued an interim final rule requiring health care providers to bill all initial Medicare claims electronically by October 16, 2003. The rule, entitled "Medicare Program: Electronic Submission of Medicare Claims," implements the statutory requirements of the Administrative Simplification Compliance Act ("ASCA").

Except in limited circumstances, the rule requires the Centers for Medicare and Medicaid Services ("CMS") to deny payment of paper claims submitted after October 16, 2003. *The largest exception is for small providers, which includes hospitals, skilled nursing facilities, home health agencies and hospices with fewer than 25 full-time equivalent employees along with physicians, practitioners and suppliers with fewer than 10 full-time equivalent employees.* Other exceptions to the electronic billing requirement include: (1) when there is no method available for electronic claims submission (i.e., a beneficiary will be submitting a claim, roster billing of vaccinations covered by the Medicare Program, claims for payment under Medicare demonstration projects and claims where more than one plan is responsible for payment prior to Medicare); and (2) when the Secretary finds appropriate (i.e., dental claims, service interruption in the mode of submitting the electronic claims that is outside the control of the submitting entity or upon demonstration of other extraordinary circumstances precluding electronic submission). It is important to note that the preamble to the rule states that entities generally do not need to make a special request to determine whether a recognized exception applies.

*The impact of this rule is significant for providers that currently submit paper claims to Medicare. Not only will such providers need to convert to an electronic Medicare billing system, but they must also comply with the HIPAA Transactions, Privacy and Security Rules.*

The rule is expected to save CMS \$95 million a year, with estimated savings of \$1.40 per claim. Providers may also achieve cost savings by submitting claims electronically.

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