

# 'Noncompliant' Claims Won't Be Paid as of Oct. 1

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Hello, October—goodbye, paper Medicare claims.

Oct. 1 marks the date that physicians and other providers may no longer submit any paper Medicare claims; electronically filed claims not in compliance with federal regulations also are prohibited.

The rules are part of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). After Oct. 1, paper claims will not be allowed; all electronic claims "that do not meet standards required by [HIPAA] will be returned to the filer for re-submission as compliant claims," the Centers for Medicare and Medicaid Services (CMS) announced in a statement. "Non-compliant claims will not be processed."

**As of October, physicians may no longer submit paper Medicare claims or electronically filed claims not in compliance with federal regulations.**

Paper claims will be accepted only from physician practices with fewer than 10 full-time employees and institutions with fewer than 25 full-time employees, according to a CMS spokesman.

As of June, only about 0.5% of Medicare fee-for-service providers were submitting

noncompliant claims, CMS said.

But that figure is a little misleading, according to Rob Tennant, senior policy advisor at the Medical Group Management Association. "That doesn't mean [all] practices are submitting electronically. They're just getting claims to CMS electronically," he said. "Lots of times, providers will utilize a clearinghouse" that takes providers' paper claims and transfers them into an electronic format for submission.

The CMS statement mentioned only-compliance rates for claim forms, Mr. Tennant added. Compliance is much lower for other electronic transactions, such as remittances, eligibility status inquiries, and claims inquiries. "These are all very important transactions from providers, and we're hearing from health plans and others that providers aren't there yet."

Even in rural areas, most family physicians will be prepared to meet the Oct. 1 deadline, said David C. Kibbe, M.D., director of the American Academy of Family Physicians' Center for Health Information Technology.

The AAFP's membership surveys on information technology (IT) have found that more than 90% of its members have computers in offices for billing purposes, and 25% have electronic health records, Dr. Kibbe said. Those figures haven't been broken down with respect to rural versus urban, yet "people make the assumption that because a practice is small or rural, it's unlikely to use IT. That's just not true."

Dr. Kibbe said recent visits to practices in North Carolina and Tennessee indicate that rural practices aren't behind the

curve. "My staff and I made over 25 appearances at state chapter events, everywhere from Alaska to Hawaii, including some very rural areas, and we got a good feeling about what's happening in rural practices."

Several bills in the Senate propose technology initiatives: Sen. Edward Kennedy (D-Mass.), Sen. Hillary Clinton (D-N.Y.) and Senate Majority Leader Bill Frist (R-Tenn.) have introduced legislation that would offer grants to financially needy

providers to enhance their use of health IT, as well as financial assistance to establish regional health IT networks. Another bipartisan bill from Sen. Debbie Stabenow (D-Mich.) and Sen. Olympia Snowe (R-Maine) would spur the use of new information technologies to reduce paperwork costs and improve patient care.

For now, another solution might be to tap into existing resources, Bernard Proy, M.D., a family physician in Corry, Pa., said. For example, federal agencies such as the

Department of Veterans Affairs already have an electronic health record in place.

"Individual physicians could tap into that system—which has already been paid for with tax dollars," he said. At press time, CMS was expected to shortly announce a program to let physicians install a simplified version of the VA's electronic health records system at a low cost. ■

Jennifer Silverman, associate editor for Practice Trends, contributed to this story.

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