



**State of New Jersey**  
DEPARTMENT OF BANKING AND INSURANCE  
PO Box 325  
TRENTON, NJ 08625-0325  
Tel (609) 292-5360

JAMES E. MCGREEVEY  
*Governor*

HOLLY C. BAKKE  
*Commissioner*

BULLETIN NO. 03-27

TO: ALL NEW JERSEY HEALTH INSURANCE COMPANIES; HOSPITAL SERVICE CORPORATIONS; MEDICAL SERVICE CORPORATIONS; HEALTH SERVICE CORPORATIONS; HEALTH MAINTENANCE ORGANIZATIONS; DENTAL SERVICE CORPORATIONS; DENTAL PLAN ORGANIZATIONS; PREPAID PRESCRIPTION SERVICE ORGANIZATIONS; ORGANIZED DELIVERY SYSTEMS; AND OTHER INTERESTED PARTIES

FROM: HOLLY C. BAKKE, COMMISSIONER

RE: ELECTRONIC RECEIPT AND TRANSMISSION OF HEALTH CARE CLAIM INFORMATION – MEDICARE AND MEDICAID CLAIMS

On September 23, 2003, the Centers for Medicare and Medicaid Services (CMS) announced that it was implementing a contingency plan to accept non-HIPAA compliant electronic transactions after October 16, 2003. In reliance upon the July 24, 2003 Guidance issued by the Department of Health and Human Services (HHS), CMS will permit providers to submit non-HIPAA compliant claims for Medicare reimbursement.

The practical implication of this announcement is that Medicare claims will continue to be paid notwithstanding some deviation from the HIPAA transaction and code set (TCS) standards. This is consistent with DOBI bulletin #03-20 signed on August 19, 2003. In that Bulletin, we emphasized the need to adhere to New Jersey Laws and Regulations governing the prompt payment of medical and dental claims.

The Department is now taking this opportunity to review the current status of compliance requirements:

1. Non-Medicare/Medicaid claims which are subject to state law should be accepted by payers for processing if submitted in compliance with N.J.A.C. 11:22 – 1 et seq.
2. Medicare and Medicaid claims will be processed using HIPAA compliant and non-compliant formats. Regarding Medicaid claims, see The New Jersey Division of Medical Assistance and Health Services ([www.njmms.com](http://www.njmms.com)) announcements. Regarding Medicare claims, see the CMS 9/23/2003 announcement mentioned

above, which can be accessed at [www.cms.hhs.gov](http://www.cms.hhs.gov) .

It is also now

apparent that many payers are implementing contingency plans consistent with the CMS announcement.

3. The Medicare and Medicare announcements do not constitute an extension of the deadline established in the Administrative Simplification Compliance Act (PL107-105) at 45 CFR 162.900. Rather, these announcements establish a contingency plan which will permit the continuation of the payment of medical claims while payers and providers move forward with their plans for the full deployment and implementation of the HIPAA TCS standards..
4. All parties are reminded that they must have an established plan for the use of HIPAA compliance TCS standards; engage in reasonable and necessary efforts to test and use HIPAA compliant TCS standards now and in the future; be prepared to demonstrate compliance training, testing and out-reach efforts with trading partners; and recognize that full, complete and total compliance with the HIPAA TCS standards will be required in the near future. The CMS and payer contingency plans will end in the near future, at which time only claims that comply with the TCS standards may be submitted.
5. On January 3, 2002, the Department issued Bulletin #02-01 in which the compliance deadline established for adherence to the requirements established in NJ HINT (N.J.A.C. 11:22-3.6 and 3.7) was adjusted to afford covered entities the additional time provided by HHS for HIPAA compliance in the federal Administrative Simplification Act referenced above. The Department now considers it appropriate and necessary to once again adjust the timeframe for compliance with HINT so as to permit all parties to adhere to the time frames established in the CMS and NJDMAHS contingency plans for purposes of both HINT and HIPAA compliance. Payers are, however, again reminded that the requirement that they make prompt payment on “clean claims” pursuant to N.J.A.C. 11:22-1 et seq. remains in full effect.
6. Finally, the Department wishes to urge all parties to continue to strive for full compliance with the HIPAA TCS standards. Considerable time and resources have been spent in this effort. The projected saving for all parties will be significant and fully justifies this effort. In the near future, the contingency plan will expire and use of HIPAA compliant claims will become mandatory. While the length of this contingency period is not yet known, it is clear that it will not last very long.

Holly C. Bakke  
Commissioner

10/2/03  
Date

/s/ Donald Bryan  
By: Donald Bryan, Director  
Division of Insurance

Dht03-19/inoord