

# NCVHS Standards Sub-Committee

Overview and terminology for the acknowledgment Standard  
under the Health Insurance Portability and Accountability Act (HIPAA)

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# What are acknowledgments?

- ▶ A standard used to communicate the status of a transaction between trading partners
  - Accepted
  - Accepted with errors
  - Rejected
- ▶ Acknowledgments answer critical questions:
  - 1. Did you receive my request or my information?
  - 2. Is it okay? Can you process my request?
  - 3. if not, why not?
- ▶ acknowledgments save time and money

# Business Case for Acknowledgments

- ▶ Providers need to know if the health plan received their transaction, if it was acceptable, and if it will be processed
- ▶ Transactions are not straightforward – many parties and trading partners
  - Providers do not usually send transactions directly to the health plan, and plans do not often send responses directly back to the provider
- ▶ Use of existing acknowledgment transactions is inconsistent and proprietary.
- ▶ Voluntary nature of use inhibits widespread adoption; absence of a mandate is a barrier

# Three types of acknowledgments

- ▶ TA1 – acknowledges receipt and acceptance status (applicable to all transactions).
- ▶ 999 Implementation Acknowledgment – notification that a transaction has been “accepted with errors” so that part of the transaction can be used (applicable to all transactions)
- ▶ 277CA Health Care Claim Acknowledgment – acknowledges receipt, acceptance and rejection of a health care claim transaction and provides for an audit trail.

# Why can't HHS just adopt the acknowledgment standard right now?

- ▶ APA (administrative procedures act) – requires government agencies to provide sufficient specificity to industry to enable regulated entities to understand the requirements, and have appropriate time to prepare and comply.
- ▶ Need formal recommendation from NCVHS – the acknowledgment standard, though not specified in the statute, is a new standard and should have formal recommendation from NCVHS for consistency with other standards.
- ▶ BUT! Covered entities MAY and CAN use the standard on a voluntary basis between willing trading partners today AND
  - Existing operating rules enable use of acknowledgments on a voluntary basis, even today

# Highlights from Acknowledgments Hearing (April 27, 2011)

- Strong consensus on need to adopt standards for Acknowledgments
- Need consistent understanding about types and uses of Acknowledgments, e.g. TA1, 999, 277CA.
- Agreement on which standards to use (X12); some questions about which version (5010? 6010? 6020?)
- Sense of urgency: recommend expedient adoption of the standards and requirement to use Acknowledgment transactions in concert with implementation and use of the new 5010 version. Do not wait until next version; timing for its completion & adoption is uncertain.
- Issues with Pharmacy transactions – how much are Acknowledgments needed by Pharmacies (e.g. for the 835 RA?)
- Issues with 835 transaction – 277CA not intended to replace 835 RA
- Open issue: Need to define the specific triggers and timing for acknowledgments: Always? Only when inbound transaction rejected?

# Key Recommendations to the Secretary

- Adopt the TA1, 999 and 277CA as HIPAA transactions
- Adopt the X12 standard, version 5010, as the standard for the three acknowledgment transactions being recommended.
  - With a contingency for adopting version 6020, based on timing of compliance and industry desire to move to 6020 for all other HIPAA transactions
- Adopt these transactions and standards using an expedited Notice of Proposed Rule Making process.
- Exclude pharmacy transactions conducted in real time; include batch and remittance advice.

# Key Recommendations to the Secretary (continued)

- Make clear the conditions for submission of each acknowledgment transaction –
  - TA1 only required when the submitter has elected to receive the TA1 acknowledgment back from the receiver.
  - 999 acknowledgment would be required when the transaction submitted has been found to have errors.
  - 277CA health care claim acknowledgment would be required in response to every claim being submitted.

# Next steps

- Finalize the recommendation letter to the Secretary
- Complete the letter's review and approval process with the NCVHS executive committee, standards subcommittee and full committee

# Some Words and Terms

- ▶ **Accepted** – The interchange, functional group, transaction set or unit of work conforms to the syntax and business rules of X12, X12N (IGs) and of the receiver.
- ▶ **Accepted with errors** – The interchange, functional group, transaction set or business unit contained errors, but will be accepted in its entirety and processed by the receiver
- ▶ **Error** – Nonconformance with X12 or X12N syntax or Implementation Guide rules or nonconformance with the business rules of the receiver. (*NOTE: Errors do not necessarily equal rejection.*)
- ▶ **Final disposition** – The final disposition is the last acknowledgment or paired response from the authoritative source of the data. No further communication is required.
- ▶ **Functional group** – A collection of similar transaction sets enclosed by an ASC X12 functional group header and a functional group trailer (GS/GE segment)
- ▶ **Interchange** – A group or groups of ASC X12 transaction sets combined into one logical transmission (ISA/IEA segment). (*Note: This may include more than one functional group of transaction sets.*)
- ▶ **Receiver** – The entity that is the recipient of the communication. The term receiver may apply to providers, payers, clearinghouses or their business associates.

*Terminology thanks to WEDI and X12*

# More Words and Terms

- ▶ **Operating Rule** – Necessary business rules and guidelines for the electronic exchange of information that are not defined by a (transaction) standard or its implementation specifications
- ▶ **Rejected** – The interchange, functional group, transaction set or business unit cannot be processed as sent.
- ▶ **Stage** – Logical category of acknowledgment reporting.
- ▶ **Standard acknowledgment** – The standard acknowledgments are the X12 control transaction sets without industry specific implementation guidance. The 997, and 999 acknowledgment transactions do have published implementation guides.
- ▶ **Submitter** - The entity that is the initiator of the communication. The term submitter may apply to providers, payers, clearinghouses or their business associates.
- ▶ **Transition period** – A period of time which will allow submitters and receivers to progress to a new or subsequent version of a standard. During the transition period, dual use of the current method with the new or subsequent version of the standard may be needed.

*Terminology thanks to WEDI, X12 and ACA*