

February 16, 2004

Dear EDI Trading Partner,

The Administrative Simplification Compliance Act (ASCA, Section 3 of Pub. L. 107-105, 42 CFR 424.32) required that all initial claims for reimbursement under Medicare, except from small providers, be submitted electronically as of October 16, 2003 with limited exceptions. Initial claims are those claims submitted to a Medicare fee-for-service carrier, DMERC, or intermediary for the first time, including resubmitted previously rejected claims, claims with paper attachments, demand bills, claims where Medicare is secondary and there is only one primary payer, and non-payment claims. Initial claims do not include adjustments submitted to intermediaries or previously submitted claims or appeal requests. This requirement does not apply to those claims submitted by beneficiaries or by providers that only furnish services outside of the United States, to Medicare managed care plans, or to health plans other than Medicare.

The small provider exception for submission of paper claims does not apply to health care claim clearinghouses that are agents for electronic claim submission for small providers. HIPAA defines a clearinghouse as an entity that translates data to or from a standard format for electronic transmission. As such, **HIPAA requires that clearinghouses submit claims electronically** effective October 16, 2003, **without exception**. Therefore, clearinghouses should not send paper claims to Medicare. If a clearinghouse submits claims to Medicare on paper, they may be returned to the clearinghouse.

Any questions about HIPAA regulations should be directed to our Electronic Data Interchange (EDI) department at:

Wisconsin, Illinois, Michigan	(877) 567-7261
Minnesota	(952) 885-2882
	(952) 885-2881
	(952) 885-2811

Sincerely,

WPS Electronic Data Services