

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**

1700 K STREET  
 SACRAMENTO, CA 95814-4037  
 TDD (916) 445-1942  
 (916) 322-7012



Title

**Acceptable Drug Medi-Cal Claim Format for Processing**

Deputy Director Approval	Function:	Issue Date:	Issue No.
<i>(Original signed by Michael Cunningham)</i>	<input type="checkbox"/> Information Management	August 8, 2005	
	<input type="checkbox"/> Quality Assurance	Expiration	05-10
	<input type="checkbox"/> Service Delivery	Date: None	
MICHAEL S. CUNNINGHAM	<input checked="" type="checkbox"/> Fiscal	Supersedes Bulletin/ADP	
Program Services Division	<input type="checkbox"/> Administration	Letter No. N/A	

**PURPOSE**

This bulletin is to notify Drug Medi-Cal (DMC) counties and direct contract providers that the Department of Alcohol and Drug Programs (ADP) will accept and process only Health Insurance Portability and Accountability Act 837 Professional (HIPAA 837P) claims for reimbursement of DMC services.

**DISCUSSION**

To maximize the administrative simplification principles and business efficiencies made available with the HIPAA Transaction and Code Sets standards (TCS), effective January 1, 2006, ADP will no longer accept and process non-HIPAA compliant claims for the reimbursement of DMC services. For DMC, ADP is adopting the American National Standards Institute (ANSI) ASC X12N electronic transactions as the allowable format for claiming DMC services for State and federal funds reimbursement. Specifically, the HIPAA 837P claim transaction will be the only format for claiming DMC services.

The Department of Mental Health Information Technology Web Service (ITWS) will continue to provide claim disposition and operate as the portal for counties and direct providers to submit their HIPAA claims and repository to obtain the HIPAA 835 Remittance Advice and Explanation of Balances.

HIPAA requires uniformity and basic standards for all health care information. Therefore, all health care providers will provide the same information in standard formats for processing claims, payments, and the maintenance and transmission of electronic health care information and data. This standardization of submitting claims will speed-up the processing and payment of DMC claims.

ADP will return non-HIPAA compliant DMC claims to the submitter (county/county vendor/direct provider). Returned claims will not be processed until submitted in the HIPAA compliant format.

All submitted claims must meet the ADP HIPAA testing and certification requirements. Refer to ADP's November 4, 2003, HIPAA testing notification letter and the HIPAA certification letter for detailed information on these requirements. In addition, the HIPAA DMC claims must meet all other DMC claim submission requirements including good cause for late submission (if applicable). Refer to the August 2002 DMC Provider Billing Manual for detailed information on DMC claim submission requirements.

ADP Bulletin No. 05-03 (issue date of April 29, 2005) informed counties and direct providers who had completed the ADP HIPAA testing and certification, and who were submitting production HIPAA 837P claim files, that effective June 1, 2005, ADP would no longer accept noncompliant HIPAA DMC claims for processing. The policy and additional provisions of bulletin 05-03 remain in effect. A copy of the bulletin is available at the ADP web site <http://www.adp.ca.gov>.

## **REFERENCES**

Under HIPAA regulations (45 Code of Federal Regulations, Part 162), any health care provider who transmits health information in an electronic form in connection with a standard transaction must use the national standard transaction code set and identifiers adopted by the federal Department of Health and Human Services. The TCS rule compliance deadline for HIPAA DMC claims was October 16, 2003.

November 4, 2003, ADP Letter on Testing and Certification Procedures for HIPAA Drug Medi-Cal Claim Submission.

NNA/DMC contract between ADP and counties and direct contract providers stipulating contractors shall perform in compliance with all applicable provisions of HIPAA.

## **BACKGROUND**

Over the last several years, ADP has provided assistance and conducted outreach to counties and direct contract providers to become HIPAA compliant through written and in-person communications. ADP has:

- Developed and distributed several documents, including:
- Companion Guides for 837P and 835 (Claim and Remittance Advice).
- Service Code Crosswalks.
- Letter dated September 2003 regarding HIPAA TCS compliance.
- Letter dated November 2003 regarding HIPAA Testing and Certification process.
- Various newsletters regarding HIPAA activities.

- Conducted two Technical Assistance and Training Conferences for trading partners (October and November 2004).
- Conducted two teleconference calls between ADP and direct providers for sharing and resolving compliance issues.
- Provided ongoing billing training sessions.
- Provided resource documents on ADP's website.

ADP has provided information and training to assist counties and direct providers to become HIPAA compliant, however, the scope of ADP's responsibility does not include providing software for claims submission, developing test files or production claims, providing solutions to test claim errors, or providing additional funds for county or direct provider compliance activity.

### **QUESTIONS/MAINTENANCE**

If you have questions regarding this bulletin, please contact your assigned Fiscal Management and Accountability Branch analyst. This bulletin is available on ADP's Web site at <http://www.adp.ca.gov> or by request to the Department's Resource Center at (800) 879-2772.

### **EXHIBITS**

None

### **DISTRIBUTION**

County Alcohol and Drug Program Administrators  
Strategic Local Government Services  
Director's Advisory Council  
Drug Medi-Cal Contract Providers  
Drug Medi-Cal Billing Contacts  
ADP HIPAA Project Staff Members