



State of California—Health and Human Services Agency
Department of Health Care Services



TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

DATE: JUN 20 2011

MMCD All Plan Letter 11-014

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: TRANSITION TO UPDATED HIPAA TRANSACTIONS FOR
ENROLLMENT AND PREMIUM PAYMENTS

The purpose of this All Plan Letter is to communicate the Department of Health Care Services' (DHCS) commitment to upgrade the transaction format made available to Medi-Cal's contracted managed care plans (MCPs) to comply with federal Health Insurance Portability and Accountability Act (HIPAA) regulations and to announce an alternate information delivery site. The federal Health and Human Services Agency released final regulations on January 16, 2009, that names ASC X12 Version 5010 ("5010") as the standard version of certain mandated health care transactions. The regulations require use of the new transactions by January 1, 2012. Specifically, DHCS will transition to the 5010 820 (Premium Payments) and 834 (Enrollment).

DHCS has provided enrollment information to MCPs via use of the Fiscal Intermediary Access to Medi-Cal Eligibility (FAME) file for many years. Similarly, DHCS provides capitation information via paper reports and invoice copies. With the advent of HIPAA in 1996 and its subsequent regulations, DHCS will change how enrollment and capitation information is provided to MCPs.

The first version of the HIPAA standards for transactions (ASC X12 Version 4010A1) took effect in October 2003. DHCS implemented the initial phase one of the (820 and 834 projects) to achieve preliminary compliance with these HIPAA regulations.

The next update of HIPAA standards will be implemented on January 1, 2012. In compliance with the new standards, DHCS will transition to the 5010 version of both the 820 and 834.

DHCS has communicated the details of the 5010 transition via the DHCS website and during all-plan conference calls that began in 2004.

Capitation Information and the 820 Transaction

DHCS currently provides, on request, a 4010 820 transaction to MCPs. The DHCS implementation of the 5010 820 will offer several improvements over the 4010 version, including the provision of member-level detail regarding the capitation payments made from DHCS to the MCP.

DHCS is currently completing User Acceptance Testing (UAT) of the project, and will make the 5010 820 version available effective July 2011, in advance of the federal compliance date of January 1, 2012. DHCS has set up plan-specific accounts on secure servers where each MCP can access only their own 5010 820 data. DHCS is in the process of validating access to these electronic folders with each MCP.

Implementation of the 5010 820 will occur for payments for the July 2011 month of eligibility and forward. Any net changes or rate adjustments for a month of service prior to July 2011 will continue to be done manually.

A draft companion guide for this 5010 820 transaction was initially made available in November 2009. Sample 820 5010 transactions and an updated Companion Guide were made available April 2010. These can be found at the following internet location: <http://www.dhcs.ca.gov/formsandpubs/laws/hipaa/Pages/2.04%20820P2.aspx>

An initial survey of MCPs indicated that several MCPs are not yet ready to use the 5010 820 and would prefer to continue use of the paper FAME enrollment reports. To support the transition, DHCS will provide similar paper reports on an interim basis while MCPs complete their transition. Please note that MCPs are under no obligation to use the 5010 820 transaction; it will be provided to MCPs for their own purposes, including reconciliation of their capitation payments.

Enrollment Data and the 834 Transaction

When DHCS implemented the 4010 834 in 2004, DHCS continued to provide the FAME file to allow MCPs additional time to transition to the compliant electronic transaction. The same will occur when DHCS transitions to the new version of the enrollment transaction, 5010 834, effective January 1, 2012. DHCS will provide both the 5010 834 and the FAME files through June 2012. DHCS plans to fully transition to the 834 electronic transactions with the 5010 implementation.

During the 834 testing in September 2011, DHCS will create test files for each MCP, using each plan's own data. These test files will be available in each MCP's secure account on the server noted above.

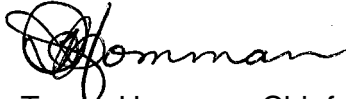
Delivery Site for FAME

Currently the FAME file and the 4010 834 and supplemental files are delivered to MCP-specific folders on the Medi-Cal website. DHCS is looking into the feasibility of

transitioning the delivery of these files to a similar location as the 820 project during the June/August 2011 timeframe.

DHCS will continue the monthly all-plan calls regarding all matters related to this implementation. In the interim, please contact Tom Giordano, at thomas.giordano@dhcs.ca.gov, for questions about the upcoming transition to Version 5010 820 and 834.

Sincerely,

A handwritten signature in black ink, appearing to read "Homman". The signature is stylized with a large initial "H" and a long, sweeping underline.

Tanya Homman, Chief
Medi-Cal Managed Care Division