

# CMS Manual System

## Pub 100-04 Medicare Claims Processing

Transmittal 885

Department of Health &  
Human Services  
(DHHS)

Centers for Medicare &  
Medicaid Services  
(CMS)

Date: MARCH 10, 2006

Change Request 4376

**SUBJECT: Suppression of Standard Paper Remittance Advice to Providers and Suppliers Also Receiving Electronic Remittance Advice for 45 Days or More**

**I. SUMMARY OF CHANGES:** This change request instructs Carriers and Durable Medical Equipment Regional Carriers (DMERCs) to suppress the distribution of standard paper remittance advices (SPRs) to those providers/suppliers (or a billing agent, clearing house, or other entity representing those providers) receiving electronic remittance advice (ERA) transactions for 45 days or more. The CMS has developed software that gives providers/suppliers a tool to read and print a remittance advice (RA) from the Health Care Claim Payment/Advice (835) file. This software is called Medicare Remit Easy Print (MREP). It has been developed in response to comments CMS received from the provider/supplier community that they need a paper document for accounts reconciliation, and claim submission for secondary/tertiary payments. Providers/suppliers who use the MREP software package, have the ability to print paper documentation that can be used to reconcile accounts receivable, as well as create document(s) that can be included with claim submission to other payers. The output of MREP is similar to the current SPR format. This software became available on October 11, 2005, through Part B contractors and DMERCs.

**NEW/REVISED MATERIAL :**

**EFFECTIVE DATE : \*March 15, 2006**

**IMPLEMENTATION DATE : June 01, 2006**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – Only One Per Row.

R/N/D	Chapter / Section / SubSection / Title
R	22/40.1/ANSI ASC X12N 835

<b>R</b>	24/ Table of Contents
<b>R</b>	24/60.6.1/ Medicare Remit Easy Print Software for Carrier and DMERC Provider/Supplier Use

**III. FUNDING:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.

**IV. ATTACHMENTS:**

Business Requirements

Manual Instruction

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 885	Date: March 10, 2006	Change Request 4376
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**SUBJECT: Suppression of Standard Paper Remittance Advice (SPR) to Providers and Suppliers Also Receiving Electronic Remittance Advice for 45 Days or More**

## I. GENERAL INFORMATION

- A. Background:** Carriers and Durable Medical Equipment Regional Carriers (DMERCs) must eliminate issuance of standard paper remittance advice (SPRs) to those providers/suppliers (or a billing agent, clearing house, or other entity representing those providers/suppliers) who also have been receiving electronic remittance advice (ERA) transactions for 45 days or more. Provider/supplier education/notification should begin no later than March 15, 2006. The shared systems changes to suppress the distribution of SPRs were implemented in January, 2006 per CR 3991 (issued August 12, 2005, Transmittal 645).

This manualization also updates the Medicare Remit Easy Print information in Publication 100-04, Chapter 24. The CMS has developed software that gives providers/suppliers a tool to read and print a Remittance Advice (RA) from Health Insurance Portability and Accountability Act (HIPAA) compliant Health Care Claim Payment/Advice (835) file in a readable format. This software is called Medicare Remit Easy Print (MREP). It has been developed in response to comments CMS received from the provider/supplier community that they need a paper document for accounts reconciliation, and claim submission for secondary/tertiary payments. Providers/suppliers who use the MREP software package, have the ability to print paper documentation that can be used to reconcile accounts receivable, as well as create document(s) that can be included with claim submission to secondary/tertiary payers. The output of MREP is based on the current Standard Paper Remittance (SPR) format. This software became available on October 11, 2005, through Part B contractors and DMERCs.

- B. Policy:** The Remittance Advice Initiative to reduce the number of SPRs printed and mailed by Carriers and DMERCs to providers/suppliers was communicated through JSM-05378 (dated June 10, 2005). Fiscal intermediaries currently implement the policy where SPRs are suppressed after the distribution of ERAs for 30 days or more (per CR 3645, issued January 21, 2005, Transmittal 438).

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)					
		F	R	C	D	Shared System	Other
		I	H	a	M	Maintainers	
		U	I	F			

						F I S S	M C S	V M S	C W F	
4376.1	Beginning June 1, 2006, contractors and DMERCs (and later DMACs) shall begin suppressing the issuance of standard paper remittance advices (SPRs) to those providers/suppliers (or a billing agent, clearing house, or other entity representing those providers) who also have been receiving electronic remittance advice (ERA) transactions for 45 days or more.			X	X					DMAC
4376.1.1	In rare situations (e.g. natural or man-made disasters), contractors and DMERCs (and later DMACs) should send exception requests to RemittanceAdvice@cms.hhs.gov for approval. Exceptions to this policy are at the CMS's discretion.			X	X					DMAC
4376.2	Beginning no later than March 15, 2006, contractors and DMERCs (and later DMACs) shall begin provider/supplier notification on your website, listservs, SPRs, and in other training and outreach opportunities. (See language below in Section III.)			X	X					DMAC
4376.2.1	Contractors and DMERCs (and later DMACs) shall continue to put this message on your SPRs and your website until July 14, 2006.			X	X					DMAC
4376.2.2	Contractors and DMERCs (and later DMACs) shall include provider/supplier notification in your next regularly scheduled bulletin. (See language below in Section III.)			X	X					DMAC
4376.2.3	Contractors and DMERCs (and later DMACs) should begin provider/supplier notification through your Interactive Voice Response (IVR) or automatic call distributor (ACD) on April 1, 2006, if this capability is available and will not impact your performance. (See language below in Section III.)			X	X					DMAC
4376.2.3.1	Contractors and DMERCs (and later DMACs) shall continue to put this message on your IVR until May 31, 2006.			X	X					DMAC

### III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
F I S S	M C S					V M S	C W F			
4376.3	<p>A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MedlearnMattersArticles/">www.cms.hhs.gov/MedlearnMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>			X	X					DMAC
4376.3.1	<p>Website, Listserv, and Bulletin message should read:</p> <p style="text-align: center;">“Medicare to Stop Mailing Standard Paper Remittance (SPR) for Those Providers/Suppliers Also Receiving the Electronic Remittance Advice (ERA)</p> <p>Beginning June 1, 2006, the SPR received through the mail will no longer be available to providers/suppliers who also receive an ERA, whether the ERA is received directly or through a billing agent, clearing house, or other entity representing a provider/supplier. In response to the provider/supplier communities continued need for SPRs, CMS has developed free software call Medicare Remit Easy Print (MREP) that gives providers/suppliers a tool to</p>			X	X					DMAC

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
F I S S	M C S					V M S	C W F			
	read and print a remittance advice (RA) from the HIPAA compliant Health Care Claim Payment/Advice (835) file. The MREP software was designed to incorporate new functionality to save providers/suppliers time and money. The paper output generated by MREP is similar to the SPR format. The CMS has worked with other payers to insure their acceptance of the SPR generated by the MREP software for Coordination of Benefit claim submission. Additionally, CMS has worked with clearinghouses to assure similar software is available to read and print an ERA for those providers/suppliers that utilize clearinghouse services. We encourage providers/suppliers currently receiving the ERA, who don’t use software to read and print RAs from these files, to begin using MREP or other similar software before the June 1 <sup>st</sup> cutoff. Please go to {contractors fill in website link} for further information regarding MREP software. We appreciate your continued cooperation as the Medicare program moves toward a more electronic environment.”									
4376.3.2	SPR and IVR language should read:  “Beginning June 1, 2006, the Standard Paper Remittance (SPR) will no longer be issued if you also receive an Electronic Remittance Advice (ERA). Please go to {contractors fill in website link} for further information.”			X	X					DMAC

**IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS**

**A. Other Instructions:**

X-Ref Requirement #	Instructions
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N/A	
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**B. Design Considerations:**

<b>X-Ref Requirement #</b>	<b>Recommendation for Medicare System Requirements</b>
N/A	

**C. Interfaces:** N/A

**D. Contractor Financial Reporting /Workload Impact:** N/A

**E. Dependencies:** N/A

**F. Testing Considerations:** N/A

**V. SCHEDULE, CONTACTS, AND FUNDING**

<p><b>Effective Date*:</b> March 15, 2006</p> <p><b>Implementation Date:</b> June 1, 2006</p> <p><b>Pre-Implementation Contact(s):</b> Robin Collins (410) 786-3427 or Lisa Smith (410) 786-0965</p> <p><b>Post-Implementation Contact(s):</b> Robin Collins (410) 786-3427 or Lisa Smith (410) 786-0965</p>	<p><b>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</b></p>
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## 40.1 - ANSI ASC X12N 835

*(Rev. 885, Issued: 03-10-06; Effective: 03-15-06; Implementation: 06-01-06)*

The 835 is a variable-length record designed for wire transmission and is not suitable for use in application programs. Therefore, shared systems generate a flat file version of the 835. Contractors must translate that flat file into the variable length 835 record for transmission to providers or their billing services or clearinghouse. See Chapter 24 for technical information about transmission of the 835.

The updated flat file is posted at: *(TBD)*

Contractors are required to:

- Send the remittance data directly to providers or their designated billing services or clearinghouse;
- Provide sufficient security to protect beneficiaries' privacy. At the provider's request, the contractor may send the 835 through the banking system if its Medicare bank and the provider's bank have that capability. The contractor does not allow any party to view beneficiary information, unless authorized by specific instructions from CMS see [§40.1](#) for additional information;
- Issue the remittance advice specifications and technical interface specifications to all requesting providers within three weeks of their request. Interface specifications must contain sufficient detail to enable a reasonably knowledgeable provider to interpret the RA, without the need to pay the contractor or an associated business under the same corporate umbrella for supplemental services or software;
- Contractors send the 835 to providers over a wire connection. They do not use tapes or diskettes;
- The FIs allow providers to receive a hard copy remittance in addition to the 835 during the first 30 days of receiving ERAs and during other testing. After that time, FIs do not send a hard copy version of the 835, in addition to the electronic transmission, in production mode. They should contact CMS if this requirement causes undue hardship on a particular FI provider;
- *Carriers and Durable Medical Equipment Regional Carriers (DMERCs) must suppress the distribution of standard paper remittance advice notices (SPRs) to those providers/suppliers (or a billing agent, clearing house, or other entity representing those providers/suppliers) also receiving electronic remittance advice (ERA) transactions for 45 days or more. In rare situations (e.g. natural or man-made disasters), exceptions to this policy are at the CMS's discretion. Carriers/DMERCs should send exception requests to [RemittanceAdvice@cms.hhs.gov](mailto:RemittanceAdvice@cms.hhs.gov) for approval.*
- Contractors may release an ERA prior to the payment date, but never later than the payment date;



- Ensure that their provider file accommodates the data necessary to affect EFT, either through use of the ACH or the 835 format. The abbreviated 835 contains no beneficiary-specific information; therefore, it may be used to initiate EFT and may be carried through the banking networks;
- Pay the costs of transmitting EFT through their bank to the ACH. Payees are responsible for the telecommunications costs of EFT from the ACH to their bank, as well as the costs of receiving 835 data once in production mode; and
- Provide for sufficient back-up to allow for retransmission of garbled or misdirected transmissions.

Every ANSI X12N 835 transaction issued by an FI or carrier/DMERC must comply with the implementation guide (IG) requirements (see [§40.4](#)), i.e., each required segment must be reported, each required or applicable situational data element in a required or situational segment must be reported, and the data in a data element must meet the minimum length and data attribute (AN, ID, R, etc.) specifications in the implementation guide.

Back end validation must be performed to ensure that these conditions are met. Carriers, DMERCs, and FIs are not required to validate codes maintained by their shared systems, such as Healthcare Common Procedure Coding System (HCPCS), that are issued in their shared system's flat file for use in the body of an 835, but they are required to validate data in the 835 envelope as well as the codes that they maintain, such as claim adjustment reason codes, that are reported in the 835. Medicare contractors do not need to re-edit codes or other data validated during the claim adjudication process during this back end validation. Valid codes are to be used in the flat file, unless:

- A service is being denied or rejected using an 835 for submission of an invalid code, in which case the invalid code must be reported on the 835;
- A code was valid when received, but was discontinued by the time the 835 is issued, in which case, the received code must be reported on the 835; or
- A code is received on a paper claim or a pre HIPAA compliant or any other electronic claim, and does not meet the required data attribute(s) for the HIPAA compliant 835, in which case, "gap filling" would be needed if it were to be inserted in a compliant 835.

# **Medicare Claims Processing Manual**

## **Chapter 24 – General EDI and EDI Support Requirements, Electronic Claims and Coordination of Benefits Requirements, Mandatory Electronic Filing of Medicare Claims**

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*60.6.1 - Medicare Remit Easy-Print Software for Carrier and DMERC  
Provider/Supplier Use*

### ***60.6.1 - Medicare Remit Easy-Print Software for Carrier and DMERC Provider/Supplier Use***

***(Rev. 885, Issued: 03-10-06; Effective: 03-15-06; Implementation: 06-01-06)***

Although required to offer free DOS-based ERA print software in the National Standard Format (NSF) prior to implementation of the HIPAA claim formats, due to limited use and the greater availability of paper remittance advice notices for professional providers/suppliers, CMS did not require carriers or DMERCs to obtain Windows-based, 835 version 40101A1 compatible ERA print software. Subsequent to that decision, CMS became aware that ERA print software that could be used by providers/suppliers to print out 835 information in the standard paper remittance (SPR) advice format would be cost effective for CMS as well as providers.

*CMS has developed software that gives providers/suppliers a tool to read and print an ERA in a readable format. This software is called Medicare Remit Easy Print (MREP). It has been developed in response to comments CMS received from the provider/supplier community that they need a paper document for accounts reconciliation, and claim submission for secondary/tertiary payments. Providers/suppliers who use the MREP software package, have the ability to print paper documentation that can be used to reconcile accounts receivable, as well as create document(s) that can be included with claim submission to secondary/tertiary payers. The output of MREP is similar to the current Standard Paper Remittance (SPR) format. This software became available on October 11, 2005, through respective Part B contractors and DMERCs.*

*Carriers and DMERCs must eliminate issuance of standard paper remittance advice notices (SPRs) to those providers/suppliers (or a billing agent, clearing house, or other entity representing those providers) also receiving ERA transactions for 45 days or more. Providers and suppliers must be encouraged to use MREP or other software to read, view, and print an electronic remittance advice to eliminate any need for SPRs.*