

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1716</b>	<b>Date: September 16, 2016</b>
	<b>Change Request 9358</b>

**SUBJECT: Affordable Care Act - Operating Rules - Requirements for Phase II and Phase III Compliance for Batch Processing**

**I. SUMMARY OF CHANGES:** The Centers for Medicare and Medicaid Services (CMS) is in the process of implementing Operating Rules adopted under Section 1104 of the Affordable Care Act (ACA). The Secretary of the Department of Health and Human Services (HHS) named the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules (CORE) as the authoring entity of the Phase I, II, and III Operating Rule. The Operating Rules are intended to provide additional direction and clarification to the Electronic Data Interchange (EDI) standard adopted under the Health Insurance Portability and Accountability Act (HIPAA) of 1996. CMS is currently in the process of implementing the batch requirements for the Phase II rules for the Claim Status Inquiry and Response as well as the Phase III rules for the Electronic Remittance Advice (ERA) and Electronic Funds Transfer (EFT).

The purpose of this change request (CR) is to meet the connectivity and security requirements for the Phases II and III CAQH CORE Operating Rules as well as the batch processing requirements for the Phase II CAQH CORE Operating Rules. It is also to include those Phase IV operating requirements which can be accommodated within the framework of Phase II and III operating rules.

**EFFECTIVE DATE: April 1, 2017**

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

**IMPLEMENTATION DATE: April 3, 2017**

*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.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions

regarding continued performance requirements.

#### **IV. ATTACHMENTS:**

##### **One Time Notification**

# Attachment - One-Time Notification

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**SUBJECT: Affordable Care Act - Operating Rules - Requirements for Phase II and Phase III Compliance for Batch Processing**

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## I. GENERAL INFORMATION

**A. Background:** The Centers for Medicare and Medicaid Services (CMS) is in the process of implementing Operating Rules adopted under Section 1104 of the Affordable Care Act (ACA). The Secretary of the Department of Health and Human Services (HHS) named CAQH CORE as the authoring entity of the Phase I, II and III Operating Rules. The Operating Rules are intended to provide additional direction and clarification to the electronic data interchange (EDI) standards adopted under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). CMS is currently in the process of implementing the batch requirements for the Phase II rules for the Claim Status Inquiry and Response as well as the Phase III rules for the Electronic Remittance Advice (ERA) and Electronic Funds Transfer (EFT).

The purpose of the change request (CR) is to meet the connectivity and security requirements for the Phase II and III CAQH CORE Operating Rules as well as the batch processing requirements for the Phase II CAQH CORE Operating Rules.

HIPAA transaction are referred to in the following manner:

- 276: ASC X12 Health Care Claim Status Request
- 277: ASC X12 Health Care Information Status Notification
- 835: ASC X12 Health Care Claim Payment/ Advice
- 999: ASC X12 Implementation Acknowledgment For Health Care Insurance

**B. Policy:** Section 1104 of the Affordable Care Act

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC			D M E	Shared- System Maintainers				Other	
		A	B	H		F	M	V	C		
				H M A C	I S S	C S S	M S S	V M S	W F		

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
9358.1	The contractors shall implement a solution for receiving and posting the batch 276/277 transactions for using the public Internet for the Hypertext Transfer Protocol within a connection encrypted by Transport Layer Security (HTTP/S) transport in compliance with the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules (CORE) Phase II Connectivity Rule 270, which is based on the Phase I Connectivity Rule 153.	X	X	X					CEDI	
9358.1.1	As part of the solution, the contractors shall track the times of any received inbound messages as a result of the Phase II Claim Status Rules 250, requirement 4.5. This solution shall have the capability to generate a report (audit log) tracking the 999 to the inbound 276 as well as date a time stamp for the 277.	X	X	X					CEDI	
9358.2	The contractors shall make system changes as necessary to comply with the Phase II CORE 250 Claim Status Rule for processing 276s in a batch mode. Among the requirements, the rule states that health plans shall accept 276s up until 9:00 pm Eastern time of a business day and return the 277s by 7:00 am Eastern time the next business day, (per Section 1104 of the ACA).	X	X	X		X	X		CEDI, VDC	
9358.2.1	The contractors shall modify their front end systems to accept and process, until 9:00 pm Eastern time (per Section 1104 of the ACA), 276s that were received via either the EDI gateway or the public Internet.	X	X	X					CEDI, CEM, VDCs	
9358.2.2	The contractors, excluding CEDI, shall modify their nightly batch cycles to not process 276s until after 9:00 pm Eastern time, (per Section 1104 of the ACA). The 9:00 pm rule equates to receipt of the 276 within the EDI front end system.	X	X	X		X	X		CEDI, VDC	
9358.3	The contractors shall Implement Server capability to support both Message Envelope Standards and Message Exchanges {Hypertext Transfer Protocol & Multipurpose Internet Mail Extensions (HTTP+MIME) and Simple Object Access Protocol & Web Service Definition Language (SOAP+WSDL) Message} in accordance with the Phase II Connectivity Rule 270, which is based on the Phase I Connectivity Rule 153. The contractors shall use X.509 Client Certificates over Secure Socket Layer	X	X	X					CEDI	



Number	Requirement	Responsibility										
		A/B MAC			D M E M A C	Shared-System Maintainers				Other		
		A	B	H H H		F I S S	M C S	V M S	C W F			
	SOAP+WSDL Message) in accordance with the Phase III Infrastructure Rule 350, which is based on the Phase I Connectivity Rule 153. The contractors shall use X.509 Client Certificates over Secure Socket Layer (SSL). This applies to the 835 batch transactions.											
9358.9	The contractors shall make the necessary system changes to comply with the security and authentication requirements as detailed in the Phase II CORE 270 Connectivity Rule.	X	X	X								CEDI
9358.10	The contractors shall make updates to their enrollment procedures, forms and trading partner management system for connectivity over the public Internet. Enrollment in the internet needs to be at the trading partner level.	X	X	X								CEDI
9358.11	Contractors shall ensure that they comply with the CMS Technical Reference Architecture specifications related to data transmission between locations.	X	X	X								CEDI

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC			D M E M A C	C E D I	
		A	B	H H H			
9358.12	MLN Article: A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X			X

#### IV. SUPPORTING INFORMATION

##### Section A: Recommendations and supporting information associated with listed requirements:

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:
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**Section B: All other recommendations and supporting information: N/A**

#### V. CONTACTS

**Pre-Implementation Contact(s):** Matthew Klischer, Matthew.Klischer@cms.hhs.gov , Anna Meisheid, Anna.Meisheid@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

#### VI. FUNDING

##### Section A: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 0**