

Using the Acknowledgements Transactions

This is the ninth fact sheet in a series and is focused on using the acknowledgments transactions. Collectively, the fact sheets will provide information, suggestions, guidance, and checklists to assist you with understanding what you need to do to be HIPAA compliant.

When having a conversation, you look for responses that indicate the other party has received your communication. Submitting claims and receiving payment is a conversation between the physician and the payer. With the submission of a claim, the physician is saying, "Here are services I provided and want to be paid for." With the remittance advice, the payer is saying, "Here is what I am paying (or not paying) you for the services you provided."

With this process, there are often miscommunications between the physician practice and payer. The practice may have thought it sent the claims, but the payer did not receive them. The practice may send a claim more than once, so the payer receives duplicates. The practice may send claims with errors and the payer is unable to process them. These miscommunications could be eliminated by using the claims acknowledgement transactions.

Typically, a practice submits their claims electronically in a batch. There may be dozens or hundreds of claims within one batch transaction. When there is a problem with a transaction, the practice needs to know if it is all of the claims or some of the claims in order to know what to correct and resubmit.

Today, some payers do send acknowledgement reports using their own format. This means that practices receive a different format from each of their payers that send them. The practice must try to decipher the reports to understand what is happening to their claims. The practice is also unable to automate the process of comparing the acknowledgement report against the claims that were sent. Some payers do not send any acknowledgement report, which means there is a missed opportunity for better communication.

Acknowledgement Transactions

Under HIPAA, several transactions were named and covered entities (physicians, other providers, payers, and clearinghouses) are required to use the standards when conducting the transaction electronically. The HIPAA transaction standards were developed by ASC X12, a standards development organization. ASC X12 has acknowledgement transactions, but they were not named in HIPAA as being required to be used. The industry can adopt the transactions voluntarily.

With the move to the version 5010 transactions, Medicare Fee-For-Service is implementing the acknowledgement transactions. Several other commercial payers are also implementing the transactions.

There are three different acknowledgement transactions. Each has a different purpose in the processing of a transmission of claims.

TA1: The TA1 transaction is used to report the receipt of the transmission. The TA1 looks at just the "envelope" that the batch transmission comes in. The practice will receive a message that the transmission was received, received with errors, or rejected. If received, the transmission moves into the payer's next level of processing. This acknowledgement can identify duplicate transmissions.

999: The 999 transaction is used to report any syntactical errors identified at the claim level between the data received and the transaction implementation guide requirements. An example of these errors would be alpha data reported in a numeric only field. With the 999, the payer will respond by saying they accept the transaction, accept the transaction with the errors, or reject the transaction. If there are any errors identified, the response from the payer indicates which claims had the errors.

277 Health Care Claim Acknowledgement (277CA): The 277CA is used to communicate to the practice the total number of claims that were accepted, pending, or rejected. If claims are pending or rejected, the 277CA provides the payer's reasons. The 277CA provides the practice with knowledge that the claims were received in a timely manner, the claims that will be processed, and the claims that had problems and need to be corrected.

Acknowledgement reports should not be confused with a confirmation of the date the claim was received by the payer. Most payers are no longer honoring a confirmation of transmission to prove timely filing. Practices should also not consider an acknowledgement that a claim was received as confirmation that the payer will pay the claim.

What Practices Can Do

You should consider the advantages of implementing the acknowledgement transactions, which include:

- Better information about the processing of your claims
- Less manual work trying to reconcile which claims have been paid and which were pending or rejected
- Fewer phone calls to payers
- Fewer issues with timely filing requirements

If you are interested in implementing the ASC X12 acknowledgement transactions, talk to your payers or clearinghouse. Some payers and clearinghouses may be implementing these transactions and will work with you to add these to your current suite of transactions. Others may be waiting until they see interest by practices before they implement them and talking to them may speed up their implementation of the transactions.

You will also need to talk to your practice management system vendor to make sure your system can take in the acknowledgement transactions. You will want to be able to automate reconciling the acknowledgement response with the claims submitted.

Summary

Using all three of the ASC X12 acknowledgement transactions will improve the information you receive from your payers about your claims submissions and improve your ability to respond to problems in a timely manner. While you are implementing the 5010 transactions, talk to your vendor and payers about the ability to implement the acknowledgement transactions.

Upcoming HIPAA Dates:

January 1, 2012 – Compliance with version 5010 transactions
October 1, 2013 – Compliance with ICD-10 code sets

**Visit the AMA's website for more resources for implementing the
HIPAA 5010 transactions.**

www.ama-assn.org/go/5010