

## EDI Acknowledgement Transactions 1.1

### Strategy for Oregon Trading Partners

#### PURPOSE

The purpose of this document is to recommend best practices associated with the HIPAA EDI acknowledgement transactions. The recommendations are based on the existing EDI standards, the direction of the health care industry, and the experience of professionals who are members of the OHLC EDI Workgroup. This document quotes extensively from the NCVHS recommendations letter to DHHS referenced in the Industry Developments section.

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## **OBJECTIVES**

The objectives of this document are:

1. Describe the use of acknowledgments in the facilitation of electronic transactions.
2. Recommend best practices that address the use of these transaction acknowledgements by trading partners operating within the state of Oregon, with the goal of reducing costs associated with resolving exceptions and unclear situations.

## **ACKNOWLEDGEMENT TRANSACTIONS – SCOPE AND DEFINITIONS**

The following HIPAA X12 EDI transactions are included in the scope of this document.

### ***TA1 Interchange Acknowledgement***

The ASC X12 TA1 is an electronic acknowledgment transaction used by the receiver of a standard transaction to report the status of the processing of the envelope of the transaction, including the interchange header (ISA and GS segments) and trailer (GE and IEA segments).

This acknowledgement is usually sent if the transaction set is rejected by the receiver. It is applicable to any and all of the adopted ASC X12 transactions (i.e., claims, payment or remittance advice, eligibility, enrollment/disenrollment, referral authorization).

### ***999 Implementation Acknowledgment***

The ASC X12 999 – Implementation Acknowledgment is an electronic acknowledgment transaction used to report that the functional group arrived at the destination. It also reports X12 syntactical errors and implementation guide adherence errors. This standard does not address the semantic meaning of the information encoded in the transaction sets.

It is used to notify submitters that an electronic transaction has been either “accepted”, “rejected” or “accepted with errors.” The term “accepted with errors” means that part of the transaction can be used and processed. This type of acknowledgment is applicable to all ASC X12 transactions, similar to the TA1

### ***277CA Health Care Claims Acknowledgement***

The ASC X12 277CA – Health Care Claim Acknowledgment is an electronic transaction used to acknowledge the receipt of a health care claim and to communicate the results of a pre-processing application level validation errors.

It can be used by a health care payer or authorized agent to notify a provider, recipient, or authorized agent regarding the status of a health care claim or encounter or to request additional information from the provider regarding a health care claim or encounter, health care services review, or transactions related to the provisions of health care. The notification may be at a summary or service line detail level and sent in response to the receipt of an 837 Claims submission.

## 824 *Application Advice*

The ASC X12 824 Application Advice is an electronic transaction used to provide the ability to report the results of an application system's data content edits of transaction sets. The results of editing transaction sets can be reported at the functional group and transaction set level, in either coded or free form format. It is designed to accommodate the business need of reporting the acceptance, rejection or acceptance with change of any transaction set.

**This transaction is not included in the best practice being proposed.**

### *Best Practices Definition*

The purpose of a best practice is to define a better way to get things done that is pragmatic and works for everyone within the proposing group – the EDI Workgroup.

Best practices...

- Can describe policy, procedures, workflow practices and information exchange standards
- Is biased toward electronic solutions as opposed to paper-based and manually intensive processes
- Will leverage established and emerging national standards where possible
- Are consensus recommendations of the EDI Workgroup to standardize and harmonize health care administrative transactions
- Supplement rules incorporated in Oregon Companion Guides. Adoption or adherence to the best practices is voluntary, but is strongly encouraged to further reduce health care administrative burdens and costs

While the EDI Workgroup has developed the best practices collectively, implementation occurs at the individual enterprise level.

### **CURRENT ISSUES**

The following issues inhibit the productive use of these acknowledgement transactions. This document will aim to address these issues so that trading partners conducting business in the state of Oregon may have a productive and useful experience in exchanging transactions and minimize the need to expend costs in dealing with exceptions or unclear situations.

- Inconsistency in the use of acknowledgment transactions
- Lack of understanding of the purpose of the acknowledgments
- Value of acknowledgments is not well understood
- Implementing acknowledgements is not a federal or state mandate so they are not required
- Purchase of the TR3 for the 277CA and 999 inhibited by price

### **INDUSTRY DEVELOPMENTS**

The following publications were researched in the development of this deliverable. These documents describe recommendations for the adoption of rules associated with acknowledgement transactions. The best practices recommendations are consistent with the direction outlined in these publications. Links to these documents are included.

### *Regulatory/Federal*

NCVHS Recommendations to Department of Health and Human Services dated September 22, 2011  
Re: Observations and Recommendation on the Adoption of a Standard for Electronic Acknowledgement Transactions.

<http://ncvhs.hhs.gov/110922t3.pdf>

### *WEDI*

WEDI acknowledgement recommendations dated July 2008

For ASC X12N Implementation Guides, Interchange Level through Conformance Checking, version 4.0

<http://www.wedi.org/cmsUploads/pdfUpload/WhitePaper/pub/082508FinalacknowledgementpaperV4.pdf>

### *CORE*

Standard acknowledgement transactions dated April 27, 2011

Testimony Provided to the Sub-committee on Standards NCVHS

[http://www.caqh.org/Reform/CORE\\_NCVHS042711AcknowledgeSlides.pdf](http://www.caqh.org/Reform/CORE_NCVHS042711AcknowledgeSlides.pdf)

Standard acknowledgement transactions dated April 27, 2011

Testimony of Gwendolyn Lohse, Deputy Director, CAQH and Managing Director CORE

[http://www.caqh.org/Reform/CORE\\_NCVHS042711AcknowledgeTestimony.pdf](http://www.caqh.org/Reform/CORE_NCVHS042711AcknowledgeTestimony.pdf)

### *X12*

Recommendations incorporated in the TA1, 999, and 277CA TR3s.

### *Other*

The collective use experience, of the EDI Workgroup membership, with acknowledgement transactions.

## ACKNOWLEDGEMENT TRANSACTIONS - OREGON BEST PRACTICE

The purpose of the best practices described in this section, ultimately, is to reduce the administrative costs associated with conducting health care related business in the state. A key pillar of that strategy is to adopt consistent processes across the state that is in concert with the direction of the industry, largely driven by federal regulation.

The area of acknowledgement transactions has not been adequately addressed thus far by regulation or industry, leading to inconsistent practices. The industry standards development and influencing entities such as CORE, NCVHS, WEDI, X12 are very aware of the issues and have been promoting the adoption of consistent rules in this important area of the EDI domain.

NCVHS has recently released recommendations to the DHHS to address acknowledgement transactions (<http://ncvhs.hhs.gov/110922t3.pdf>). These recommendations are fully supported by CORE and WEDI and are likely to become rules after completing the regulatory process – probably in 2014 or later.

This document quotes extensively from the NCVHS recommendations letter to DHHS. Many of these NCVHS recommendations are included as best practices in this document. Areas where the Oregon best practices are not entirely consistent with NCVHS recommendations have been noted.

### *Overview*

Use of electronic acknowledgments in response to the receipt of an administrative transactions from a trading partner is one of the most efficient and cost-effective ways to ensure that both parties can communicate information about the status of a transaction before processing.

Acknowledgment transactions collectively inform submitters as to whether their transaction has been received, if it can or will be processed, or if it has been rejected and why. When these standard acknowledgments are not used, the resulting lack of information and feedback is sometimes referred to as “the black hole.” Without electronic acknowledgments, the sender does not know the status of a transmitted transaction in a timely way, and therefore may sometimes resort to repeated manual queries to the receiver of the information.

The overall effectiveness of these best practices relies on the degree to which trading partners adopt the best practices. Greater participation and consistent application of the best practices are likely to produce greater administrative simplification benefits.

### *Operational Protocol*

The best practices described in this section are applicable to the transactions executed in batch or real-time mode.

In order for the best practices to deliver successful results, trading partners adopting the best practices should strive to follow rules consistently, as described below. The following are the essential processes to be executed under stated circumstances:

- The ASC X12 TA1 is only required when a submitter of a transaction has elected to receive the TA1 acknowledgment from the receiver. Such an arrangement should be made on a mutual basis between submitter and receiver

- The ASC X12 999 – Implementation Acknowledgment is required as a response to all ASC X12 transactions regardless of the submitter of the transaction
- The ASC X12 277CA – Health Care Claim Acknowledgment is used when an 837 claims transaction submitter and responding health plan mutually agree to transmit (by health plan) and receive (by submitter) the 277CA

Note: NCVHS recommends that a 277CA be required in response to each submitted claim.

### Usage of Transaction Acknowledgements

The following table describes the recommended use of acknowledgements in batch and real-time transactions, as related to this best practice. It is recommended that the following protocol be implemented as the best practice.

Condition	Transactions		Comments
	Real Time	Batch	
Enveloping error (ISA/ISE, GS/GE)	TA1 (reject only)	<b>TA1 (reject only) – optional</b>	The file is not recognized. Do not import the file. (Do not generate 999s -- -as the file has been rejected due to faulty enveloping)
Level 1 to 4 compliance errors in file	999 Reject	<b>999 Reject – required.</b>	We would expect the trading partner to read this reject, correct and resubmit.
No level 1 to 4 compliance errors	271, 277 or 278 response is considered the acknowledgment	<b>999 Accept – required</b>  <i>If the transaction is a transaction such as the 270/271, 276/277 or 278/278 then the response (answer) would go at another time but not as part of the same session.</i>	In Batch, because the response will occur the next day, a 999 accept is issued so the trading partner knows you received a compliant file.
		<b>277CA – optional</b>  <i>277CA is returned to submitter in response to an 837 Claim</i>	In real-time, a 999 accept is not provided because the ‘answer’ to the 270 question is a 271 response. That is considered the ‘acknowledgment’. Another way to look at this is that in real-time, the connection is never dropped so if the 270 question is compliant, the 271 should be returned within 20 seconds.

### Compliance Errors

The following are the multiple levels of compliance errors. Levels 1 to 4 are referenced in the table above.

**Level 1 - Integrity testing** – X12 EDI standards and syntax requirements

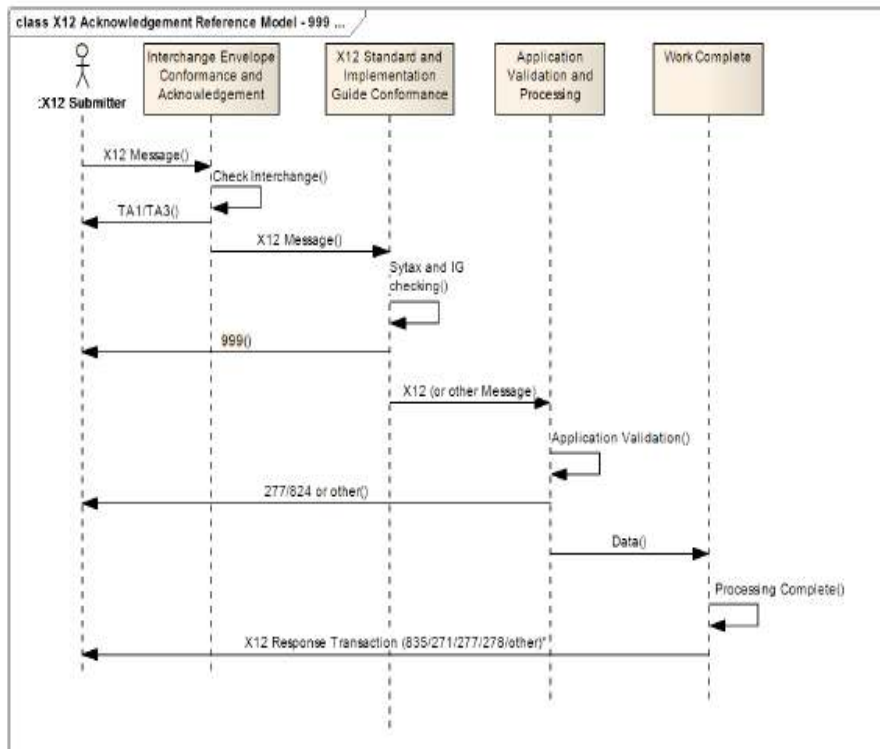
**Level 2 - Requirement testing** – HIPAA implementation specification requirements

- Level 3 - **Balancing** – balance totals within the transaction
- Level 4 - **Situation testing** – inter-segment situations and dependencies
- Level 5 - External code set testing
- Level 6 - Product type or line of services testing
- Level 7 - Implementation Guide-Specific Trading Partners

*Acknowledgements Reference Model*

The diagram below is provided for illustration only and was developed by the Accredited Standards Committee. It is consistent with the table though broader in scope.

## Acknowledgements - Reference Model



### Timing – Proposed Adoption

Adoption of the best practices described in this document is recommended. The best practices are applicable to all 5010 versions of EDI HIPAA standard ASC X12 transactions. In the interest of efficiency and consistency, it is recommended that Oregon trading partners fully adopt the recommendations described in this document as soon as possible.

### *Implementation Perspective*

If the best practices are widely adopted it will lead to significant improvement of EDI related business processes with fewer exceptions and required human intervention, leading to lower administrative costs.

The EDI Workgroup will assist with questions associated with the implementation of these best practices, but the responsibility to implement and adopt the practices rests with the trading partner entities operating in the state of Oregon. This document does not preclude organizations from making the business decision to require the use of acknowledgments as part of administrative simplification.

### **CONCLUSION**

The EDI Workgroup believes this is an opportunity to improve the effectiveness of the health care system through expanded adoption of standards that promote administrative simplification and reduced costs.

### **REFERENCES**

Acknowledgements Reference Model included in this document was developed by the Accredited Standards Committee X12 and has been used in this document for reference and illustration only.

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