



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE

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BULLETIN NO. 03-20

TO: ALL NEW JERSEY HEALTH INSURANCE COMPANIES; HOSPITAL SERVICE CORPORATIONS; MEDICAL SERVICE CORPORATIONS; HEALTH SERVICES CORPORATIONS; HEALTH MAINTENANCE ORGANIZATIONS; DENTAL SERVICE CORPORATIONS; DENTAL PLAN ORGANIZATIONS; PREPAID PRESCRIPTION SERVICE ORGANIZATIONS; ORGANIZED DELIVERY SYSTEMS; AND OTHER INTERESTED PARTIES

FROM: HOLLY C. BAKKE, COMMISSIONER

RE: ELECTRONIC RECEIPT AND TRANSMISSION OF HEALTH CARE CLAIM INFORMATION – COMPLIANCE WITH UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES ELECTRONIC TRANSACTION STANDARDS

N.J.S.A. 17B:30-23 et seq., the Health Information Electronic Data Interchange Technology Act (HINT), requires the Department of Banking and Insurance (Department) Commissioner, in consultation with the Department of Health and Senior Services (HSS), to establish a timetable for the implementation by payers, providers and other affected parties of the electronic receipt and transmission of health benefit claims information, as well as standards for enrollment and claim forms, in accordance with standards developed by the United States Department of Health and Human Services (USHHS) pursuant to Health Insurance Profitability and Accountability Act (HIPAA). HIPAA and the rules adopted by USHHS do not define the content or elements of a "clean claim." Consequently, the Department's Prompt Payment of Claims Rules, found at

N.J.A.C. 11:22-1 remain applicable. These rules set forth the definitions and standards for the prompt payment of electronic and paper claims.

To improve the efficiency and effectiveness of the health care system, Congress enacted the Health Insurance Portability and Accountability Act (HIPAA) of 1996, which included a series of provisions that required the USHHS to adopt national standards to simplify the administration of electronic health care transactions. HIPAA required health plans, health care clearinghouses, and health care providers who conduct certain financial and administrative transactions electronically to comply with the USHHS final standards. The deadline for all covered entities to comply with the USHHS final rules regarding electronic data transaction standards and code sets is October 16, 2003. The Department notes, however, that while October 16, 2003 is the Federal deadline for electronic health care transactions and code sets compliance, certain components and data elements of HIPAA-compliant claims have not yet been fully resolved by all parties.

Affected parties are advised that on July 24, 2003, the Centers for Medicare and Medicaid Services issued written guidance regarding compliance with the HIPAA transaction and code set standards (see “[CMS Issues Guidance on Compliance with HIPAA Transactions and Code Sets' October 16, 2003 Deadline](#)” at www.cms.hhs.gov). That Guidance on Compliance encourages payers to implement contingency plans to maintain the orderly flow of payments while providers and payers continue to work toward HIPAA compliance. All parties are urged to consult the CMS Guidance on Compliance for further clarification on their responsibilities under HIPAA.

All affected parties are reminded, however, of their ongoing obligation to adhere to the Department’s rules governing the prompt payment of health benefit and dental claims. In addition, payers, providers and other interested parties are encouraged to work together and, where necessary, exercise flexibility to ensure that payments on clean claims, as defined in N.J.A.C. 11:22-1.5, continue to be made on a timely basis.

8/19/03
Date

/s/ Holly C. Bakke
Holly C. Bakke
Commissioner

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