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November 18, 2011

Dear Executive Directors:

### TRANSITION OF THE INTEGRATED SYSTEM (IS) TO MEET HIPAA 5010 REQUIREMENTS

As discussed in our October providers' meeting, federal regulations require that all electronic administrative and financial health care transactions use the new 5010 standards by January 1, 2012, in order to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). However, yesterday, the Centers for Medicare and Medicaid Services (CMS) announced a 90-day period during which it will not initiate enforcement actions related to compliance with the new HIPAA 5010 transaction standards; this period will begin on January 1 and continue through March 31, 2012. Based on this CMS statement, the Los County Department of Mental Health (DMH) will accept HIPAA 4010 claims while the upgrades to make the Integrated System (IS) HIPAA 5010 compliant are being completed. DMH anticipates that the IS will be upgraded and available for entry of 5010 compliant transactions in February or March 2012, with the first claim submissions to the State under the new format in either March or April 2012. Once the IS 5010 upgrade is complete, you will be notified and DMH will no longer accept HIPAA 4010 claims. If, due to unforeseen circumstances, the IS HIPAA 5010 upgrade is not completed on schedule, DMH will stop accepting HIPAA 4010 claims after March 27, 2012.

The State Department of Health Care Services – Mental Health (DHCS-MH) has provided draft and verbal indication that they will be able to receive and accept HIPAA 4010 claim transactions through March 30, 2012. Since this information is obviously very important to you, we did not wish to delay this announcement until we receive official notification.

#### Impact on Claim Submission

DMH has previously obtained State permission to use a special late code for claims delayed as a result of implementation of HIPAA 5010 requirements. We have requested confirmation from the State that CMS's announcement does not alter providers' ability to use the late code previously provided. The late code assigned for these delays is late code 9. Late code 9 should be submitted on all claims for dates of service between July 1, 2011 and March 31, 2012 unless another appropriate late code applies to the specific claims.

The implementation of the 5010 requirements may require a temporary shutdown of the IS for approximately two (2) weeks in February or March 2012. If a shutdown is required, providers will be advised through a RMD Bulletin and IS Alert.

Effect of Transition on Monthly Payments to DDE Providers

Direct data entry (DDE) providers should continue to enter their claims into the IS with no interruption. The claims will be sent to the State on a normal schedule as either HIPAA 4010 or 5010 claims depending on DMH's HIPAA 5010 implementation schedule. Monthly payments to DDE providers will be based on claims entered into the IS.

Effect of Transition on Monthly Payments to EDI Providers

Providers using an Electronic Data Interchange (EDI) system will need to make a decision between two options for submitting claims that would normally be transmitted between January 1, 2012, and the date that the IS becomes ready to receive HIPAA 5010 compliant claims. The choice between these two options is a business decision for which your agency is entirely responsible. These options are:

1. Continue to submit EDI claim transactions in the HIPAA 4010 format. Monthly payments to EDI providers that choose this option will be based on claims submitted to the IS.
2. Hold EDI claim transactions until they can be received by DMH in a HIPAA 5010 format. DMH is continuing to investigate cash flow options for EDI providers that hold claims until they can be submitted in the HIPAA 5010 format.

In order for DMH to plan effectively for continuing monthly payments to EDI providers, it is critical for the Department to know which claiming option your organization chooses. Please provide your decision to Richard Kushi via letter, or email at [rkushi@dmh.lacounty.gov](mailto:rkushi@dmh.lacounty.gov) no later than Monday, November 28, 2011.

I want to thank you in advance for your attention to this matter, and for providing us with your claiming option if you are an EDI provider. As changes to the expectations for 5010 transition may continue to be made, we will provide you with information via the RMD Bulletins and IS Alerts. Please continue to monitor them carefully for further important information. As always, please feel free to contact your Lead District Chief for answers to any additional questions you may have.

Sincerely,



Robin Kay, Ph.D.  
Chief Deputy Director

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c: Executive Management Team - DMH  
District Chiefs - DMH