

HIPAA READINESS STATEMENT

Overview:

The purpose of this document is to outline the Midlands Choice position regarding readiness for HIPAA Transaction and Code Sets regulations, effective October 16th, 2003. This document describes specific warranties and guarantees that Midlands Choice will commit to, and also outlines specific areas where Midlands Choice will not be able to provide warranties or guarantees.

HIPAA Transaction and Code Sets Readiness:

Midlands Choice will be make the following guarantees regarding its HIPAA Transaction and Code Set readiness:

Inbound Electronic Data Interchange:

Midlands Choice will be able to accept HIPAA compliant (4010A1) transactions and code sets on the 837 Institutional (UB92, UB04) and the 837 Professional (HCFA 1500, CMS 1500) EDI documents. This information is received from an intermediary clearinghouse or third party (*see note below*). This functionality is in currently place.

In addition, Midlands Choice will be able to accept HIPAA non-compliant version transactions (i.e. NSF, 4010, 3051) in the 837 Institutional (UB92, UB04) and the 837 Professional (HCFA 1500, CMS 1500) EDI documents. Again, this information is received from an intermediary clearinghouse of third party. This functionality is currently in place. (*see note below*).

****Note:** Midlands Choice does not directly receive claims from a provider or hospital. Rather, all claims come to Midlands Choice via an intermediary clearinghouse or third party. For example, Emdeon. Midlands Choice cannot attest to the HIPAA readiness of these third parties or intermediary clearinghouses.

Outbound Electronic Data Interchange:

Midlands Choice will be able to translate and produce outbound HIPAA compliant (4010A1) transactions and code sets on the 837 Institutional (UB92, UB04) and the 837 Professional (HCFA 1500, CMS 1500) EDI documents. These outbound HIPAA compliant transactions will be sent to one of two types of trading partners:

- Current Midlands Choice Clearinghouse Partners
- Payor organization

Exclusions:

Midlands will not be accepting or sending/returning any of the following transactions or code sets:

HIPAA READINESS STATEMENT

270/271: Health Care Eligibility/Benefit Inquiry and Information Response
277/275: Health Care Claim Request for Additional Information and Response
276/277: Health Care Claim Status Request and Response
278: Health Care Services Review -- Request for Review and Response
820: Payroll Deducted and Other Group Premium Payment for Insurance Products
834: Benefit Enrollment and Maintenance
835: Health Care Claim Payment/Advice
837: Health Care Claim: Dental (004010X097A1)

Additional Information:

Midlands Choice will make every effort to work with Payor organizations and clearinghouses to ensure timely testing. However, Midlands Choice cannot provide guarantees as to the Payor's or Clearinghouse's ability to receive or produce HIPAA compliant transactions and code sets.

Midlands Choice does maintain a separate Companion Document for use in testing and production of EDI claims. Midlands Choice follows the National Electronic Data Interchange Transaction Set Implementation Guide for HIPAA compliance and standardization. We are not responsible for any custom coding or other specialization required by the Provider or Payor. All testing documents are comprised of production/parallel data and verified by Claredi™.

Midlands Choice also takes part in the Nebraska SNIP and WEDI work groups in order to remain apprised of current issues and concerns in the Healthcare industry, regarding HIPAA compliance and transaction code sets.

All communication between Midlands Choice and payors or providers that is not traded via EDI, is .pgp encrypted according to PHI HIPAA compliance regulations.

Contingency – Paper Processing Provider:

In the event the Provider is not HIPAA compliant by October 16th, the provider may continue to submit paper claims to Midlands Choice after October 16th.

Payor:

In the event the Payor organization is not HIPAA compliant by October 16th, Midlands Choice can continue to facilitate transmission of non-HIPAA compliant transactions at the request of the Payor. In addition, Midlands Choice can also create paper output, again at the request of the Payor. *Note: the Payor organization bears the risk of non-HIPAA compliance in these situations; Midlands Choice bears no risk.*

HIPAA READINESS STATEMENT

Contact Information:

Please e-mail edi.support@midlandschoice.com with questions regarding initiating of testing or other EDI transactions and code sets questions. Please contact the vice president of Operations with general questions about EDI approach or this document.