

# EDI 106 Guide

Introduction to Healthcare

# Contents

Key Benefits within the Healthcare Industry .....	4
What is EDI?.....	5
How to Start Utilizing EDI .....	6
EDI Standards.....	7
Most Common T-Sets within Healthcare.....	8
EDI Process Flow .....	10
1 EDI Source Solutions .....	12
Ready to Get Started? .....	13

# Introduction

Welcome to our EDI 106 guide. 1 EDI Source Solutions will be introducing you to the fundamental features and benefits of Electronic Data Interchange (EDI) within the healthcare industry.

In this guide, we will go over what EDI is and how to get started communicating your Healthcare specific data. We will then go through the types of standards used within the healthcare industry and the transaction sets that are required to begin exchanging EDI data. Let's get started!

# Key Benefits within the Healthcare Industry

Use of EDI within the healthcare industry has expanded dramatically over the past decades. This was mostly due to the advantages EDI provides with exchanging complex information with the required level of data security more efficiently than the use of paper forms and web portals. EDI is needed even more when large amounts of data need to be exchanged.

When you start to communicate utilizing EDI, you will see immense benefits with the management of your eligibility and claims cycle management, including more efficient processing of claims and reduced time for claims reconciliation. This will improve the support you provide to your providers, payers, sponsors, and client partners. EDI allows for seamless and quick integration with a variety of entities within the healthcare space and provides excellent service to your members, providers, and clients.

## Key benefits of using EDI within the healthcare industry:

- **Cost Reduction** - EDI is a standardized data communication format, and may be used in the healthcare industry to achieve administrative cost savings. These standards are implemented consistently across many organizations and entities. This facilitates the smooth and efficient implementation of data communications with all of your potential trading partners without the need for proprietary/customized standards, which can be costly to implement and support.
- **Paperless Environment** - Utilizing EDI removes the need to submit paper documents and allows you to submit your eligibility, claims and payment data electronically. A paperless environment removes the component of human and scanning error from the claims submission process. EDI is accurate, fast, and efficient, while reducing errors. This improves the claim submission process, so your colleagues and stakeholders can adjust their focus to other vital areas of your business.
- **Control of Data** - Improved control of data and the tracking of vital transactions being exchanged. There are several acknowledgment transactions available for use within the EDI process to confirm the receipt of all inbound and outbound flowing data.
- **Quicker Payments** - When processing EDI transactions, you will receive more timely payments for your electronic claims. Electronically submitted claims are paid much faster than paper claims.



# What is EDI?

## EDI stands for “Electronic Data Interchange”.

EDI is the computer-to-computer exchange of business transactions in a standard electronic format between business partners (Trading Partners). EDI relieves you from paper-based or web-based processes within your:

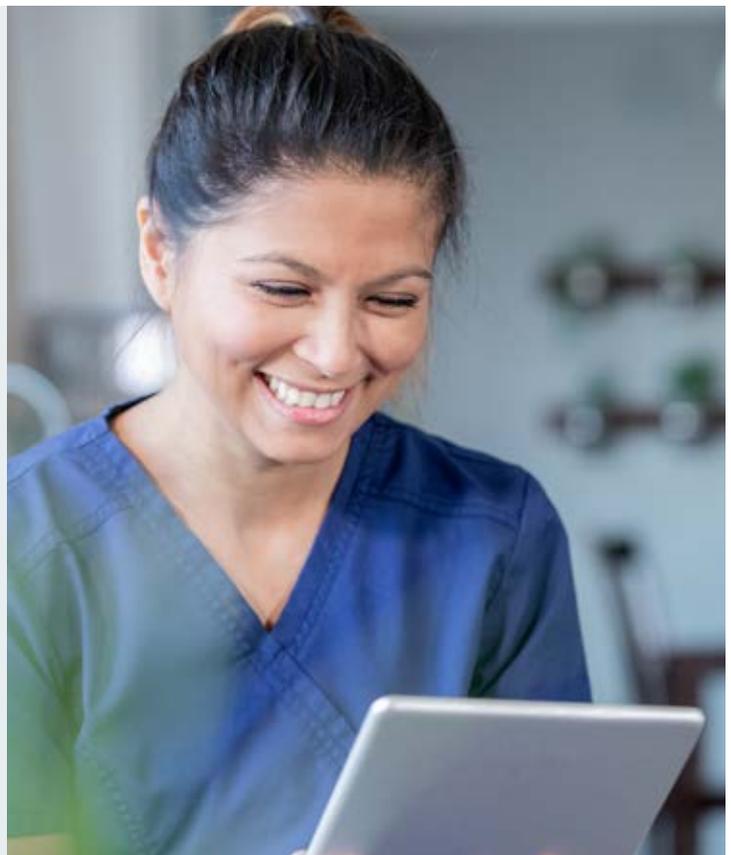
- Eligibility enrollment and management
- Claims submissions
- Claims adjudication
- Claims remittance
- Claims reconciliation
- Eligibility status inquiry and response
- Claims status inquiry and response

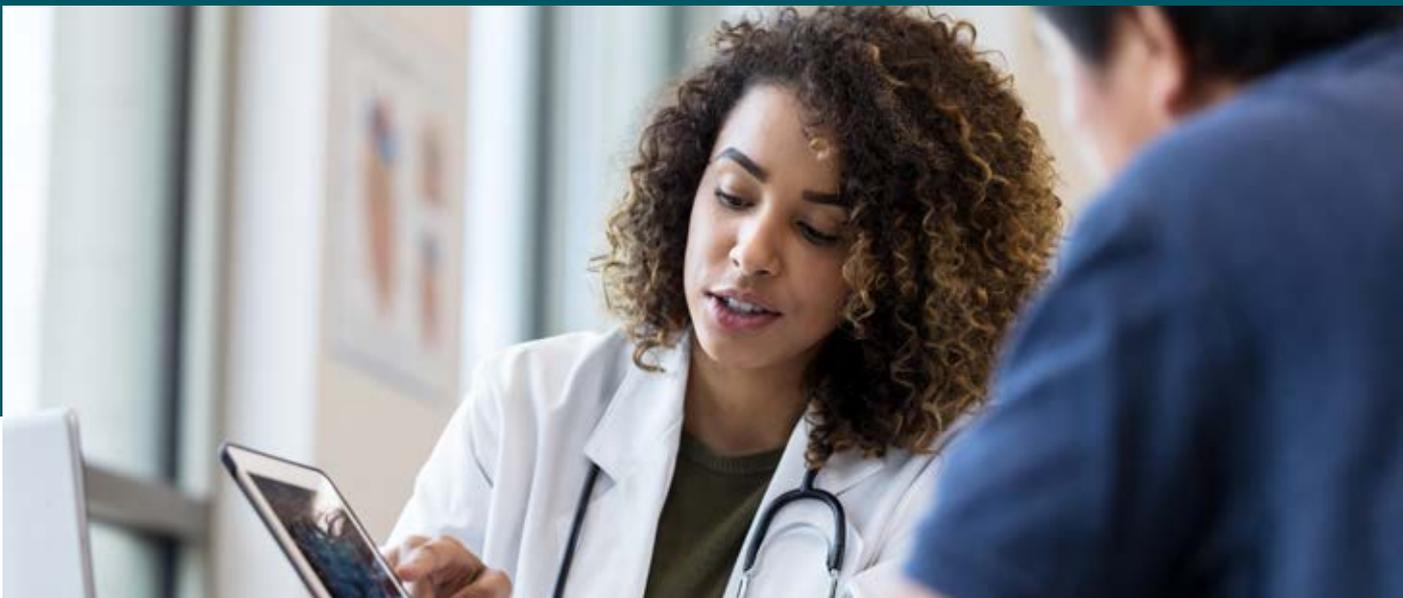
Currently, EDI is often mandatory within the Healthcare industry and is expected to be utilized when beginning a business relationship. It has become a key to success when working with the following organizations:

- Hospitals
- Nursing homes
- Laboratories
- Physicians
- Dentists
- Allied professional groups
- Third Party Administrators (TPAs)
- Service corporations
- State and federal agencies and their contractors
- Plan purchasers
- Other entities that process health care reimbursements
- Other business partners affiliated with the
- Depository Financial Institutions (DFIs)
- Billing services
- Consulting services
- Vendors of systems
- Software and EDI translators
- Clearinghouses
- Value-added networks
- Telecommunication services.

*Forrester Research has provided reports showing 41% of companies utilize EDI as a primary messaging format and that number is growing rapidly.*

*Companies send over 20 billion B2B documentations a year using EDI.*





# How to Start Utilizing EDI

**To begin realizing the benefits of EDI there are a few steps and actions needed to get you up and running efficiently and effectively.**

1. Reach out to your trading partners (Sponsors, Payors, Providers, and Clients) to have them provide their specific EDI companion guides. Companion guides are key for defining your electronic business transactions, their structure and communication method.
2. Begin to research and purchase an EDI software package also known as an EDI translator. The translator is used to map your transactions and helps transform your data into the required EDI format of your trading partner.
3. Validate with your EDI provider that they are HIPAA Compliant.
4. EDI software is able to support different amounts of data depending on the size of data files being exchanged, volume of transactions, and number of trading partners. See examples of how we (1 EDI Source) offer solutions for these factors below.
  - Our primary software platform and translator is known as HQXchange [HQX]. HQXchange [HQX] is our complete translator for Mid-Sized to Enterprise sized organizations that require backend integration and desire complete control of their EDI.
  - When researching EDI software and translators, you may also find that your mid-sized or enterprise sized organization needs outsourcing of your EDI. This is accomplished through a managed EDI solution and can be integrated with your backend systems. Our example of fully managed outsourced EDI is ManagedXchange [MX].
5. Now that you have your software and trading partner companion guides, you can implement your EDI solution.
6. Always test each transaction with your partners and with your EDI solution providers to validate that your translator communicates correctly and you and your partner both receive your required business transactions.
7. Lastly, migrate away from historical forms of communication, such as paper documentation and perform any parallel document transaction that may still be required to be sent through another communication method.

# EDI Standards

**X12 drives EDI business processes globally. The X12 standards are issued by the American National Standards Institute (ANSI), which has set these standards for the past 35 years.**

ANSI X12 defines the standards and each party must comply with these parameters.

In addition to X12, there is a global standard some organizations may use when doing EDI transactions outside of the US. The Global standard is known as EDIFACT, which stands for Electronic Data Interchange for Administration, Commerce and Transport. EDIFACT standards cover transaction sets of documentation.

Typically, the trading partner will designate the X12 version to be used and create their companion guide around those X12 standards for you to begin creating EDI transactions. This is the primary standard and version of the EDI standard you will utilize with your trading partners. Some of your trading partners may use different versions of X12 than existing trading partners, which is important to remember each trading partner will provide a companion guide for you to begin EDI transactions. We will dive further into understanding how to read your trading partner companion guides in our Intermediate Healthcare 206 Guide.

Below you will find the most common healthcare EDI transactions and their ANSI X12 version ID code:

Transaction Name	Common Code	Version ID Code
Eligibility, Coverage or Benefit Inquiry	270	005010X279
Eligibility, Coverage or Benefit Information	271	005010X279
Health Care Claim Status Request	276	005010X212
Health Care Claim Status Notification	277	005010X212
Health Care Services Review Request	278	005010X217
Health Care Services Review Response	278	005010X217
Benefit Enrollment and Maintenance	834	005010X220
Health Care Claim Payment/Advice	835	005010X221
Health Care Claim: Dental	837D	005010X224
Health Care Claim: Institutional	837I	005010X223
Health Care Claim: Professional	837P	005010X222

# Most Common T-Sets within Healthcare

Below you will find the most common healthcare X12 transaction sets. If you want further information regarding these X12 transactions, visit the hyperlink for more detailed explanation and data set reference.

## **837P - Professional – Health Care Claims transaction for professional claims and/or encounters**

This transaction set is used to submit health care claim billing information and/or encounter information, from outpatient providers of health care services to payers, either directly or via intermediary billers and claims clearinghouses. It can also be used to transmit health care claims and billing payment information between payers with different payment responsibilities where coordination of benefits is required or between payers and regulatory agencies to monitor the rendering, billing, and/or payment of health care services.

## **837I - Institutional – Health Care Claims transaction for institutional claims and/or encounters**

This transaction set is used to submit health care claim billing information and/or encounter information, from hospital or inpatient providers of health care services to payers, either directly or via intermediary billers and claims clearinghouses. It can also be used to transmit health care claims and billing payment information between payers with different payment responsibilities where coordination of benefits is required or between payers and regulatory agencies to monitor the rendering, billing, and/or payment of health care services.

## **837D- Dental – Health Care Claims transaction for dental claims and/or encounters**

This transaction set can be used to submit health care claim billing information and encounter information from providers of dental services to payers, either directly or via intermediary billers and claims clearinghouses. It can also be used to transmit health care claims and billing payment information between payers with different payment responsibilities where coordination of benefits is required or between payers and regulatory agencies to monitor the rendering, billing, and/or payment of health care services.

## **835 – Claim Payment and Remittance Advice**

The EDI 835 transaction set is called Health Care Claim Payment and Remittance Advice. It has been specified by HIPAA 5010 requirements for the electronic transmission of healthcare claim payment information. The EDI 835 is used primarily by healthcare payers to provide payment information to healthcare providers and to provide information for Explanation of Benefits (EOBs) documents.

## **834 – Benefits Enrollment and Maintenance**

The EDI 834 transaction set is used to transfer enrollment information from the sponsor of the insurance coverage, benefits, or policy to a payer. In general, it is used by employers, as well as unions, government agencies or insurance agencies, to enroll members in a healthcare benefit plan. The EDI 834 has been specified by HIPAA 5010 standards for the electronic exchange of member enrollment information, including benefits, plan subscription and employee demographic information.

## **270 – Eligibility, Coverage or Benefits Inquiry (Request)**

The EDI 270 Health Care Eligibility/Benefit Inquiry transaction set is used to request information from a payer or sponsor regarding a member/subscribers' healthcare benefit coverages and their eligibility begin and end dates. This transaction is typically sent by providers, such as hospitals or doctor's offices, to insurance companies, government agencies like Medicare or Medicaid, or other organizations.

## **271 – Eligibility, Coverage or Benefit Information (Response)**

The EDI 271 Health Care Eligibility/Benefit Response transaction is used to provide information about healthcare benefit coverages for subscribers or the subscriber's dependent. It is sent in response to a 270 inquiry transaction.

**276 - Healthcare Claim Status (Request)**

The EDI 276 transaction set is a Health Care Claim Status Inquiry. It is used by healthcare organizations with submit claims to payers to verify the status of submitted claims.

**277 - Information Status Notification (Response)**

The EDI 277 Health Care Claim Status Response transaction set is used by healthcare payers (insurance companies, Medicare, etc.) to report the adjudication status of submitted claims.

**278 - Healthcare Services Review Information Specifications (Request/Response)**

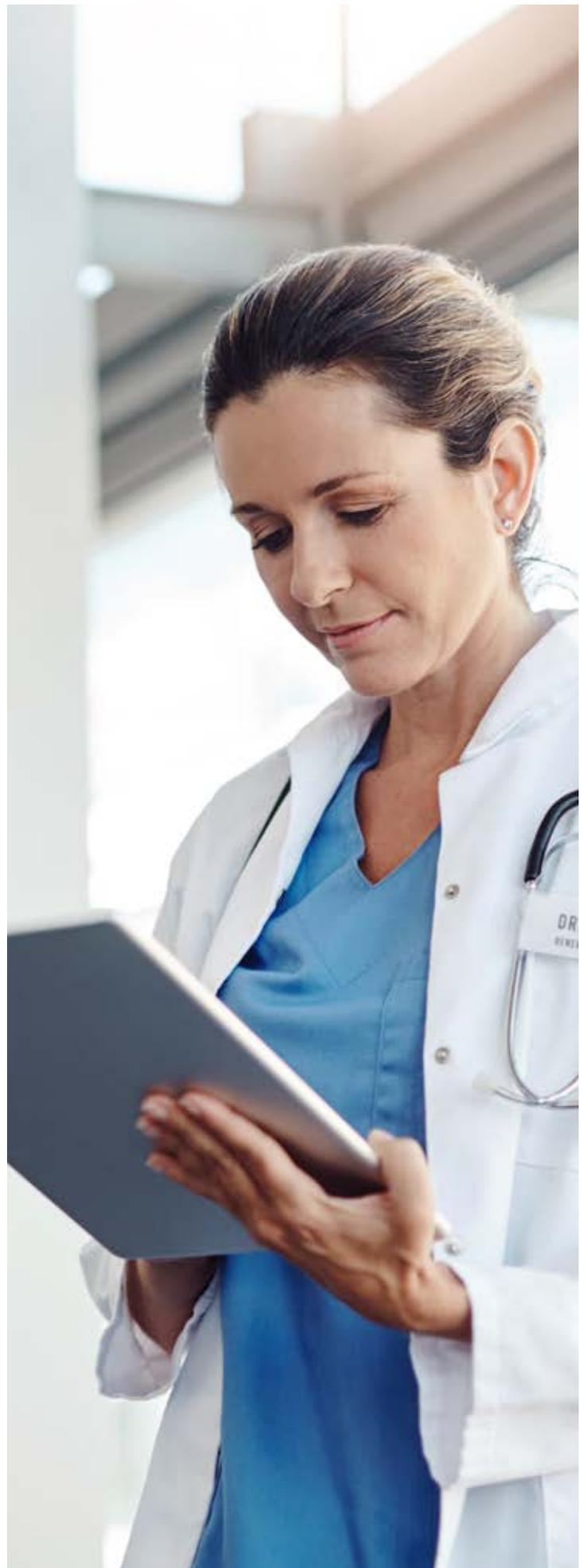
The EDI 278 transaction set is called Health Care Services Review Information. A healthcare provider, such as a hospital, will send a 278 transaction to request an authorization from a payer to review proposed healthcare services to be provided to a given member/patient.

**997 - Functional Acknowledgment Specifications**

The EDI 997 transaction set, known as the Functional Acknowledgment or FA, is sent as a response to other EDI transactions received. An EDI 997 serves as a receipt, to acknowledge that an EDI transaction, or a group of transactions, was received by the remote party. It is important to note that when you receive an EDI 997 in response to a transaction you sent previously, you only know that your document arrived and was processed by the recipient's EDI translator. It does not provide any indication that the trading partner agrees with the contents of the prior transaction, or that the transaction met all their business requirements.

**999 - Implementation Acknowledgment File Format**

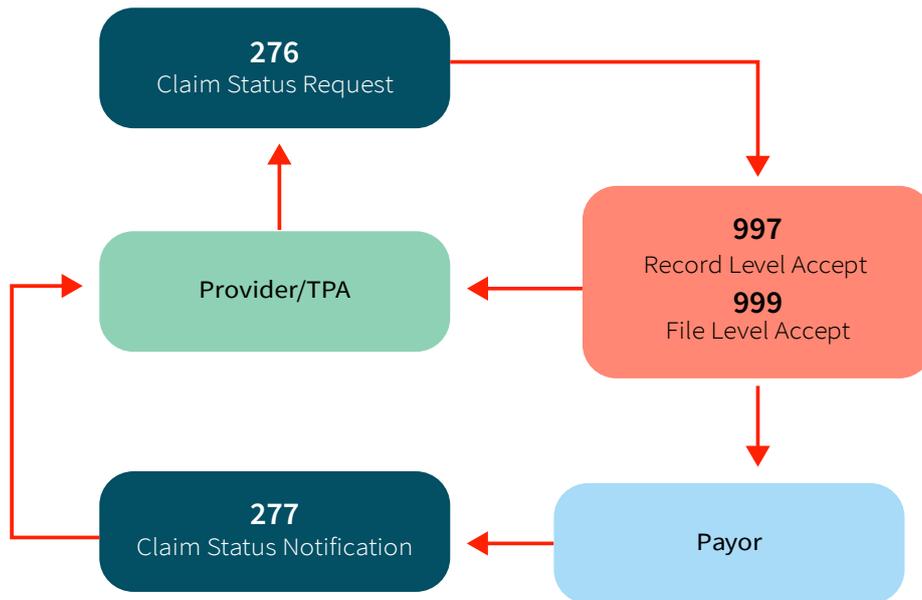
The EDI 999 transaction set is an Implementation Acknowledgment document, developed specifically to replace the 997 Functional Acknowledgment document for use in healthcare. Both the 997 and 999 are used to confirm that a file was received. However, the 999 includes additional information about whether the received transaction had errors. This includes whether the transaction is in compliance with HIPAA requirements.



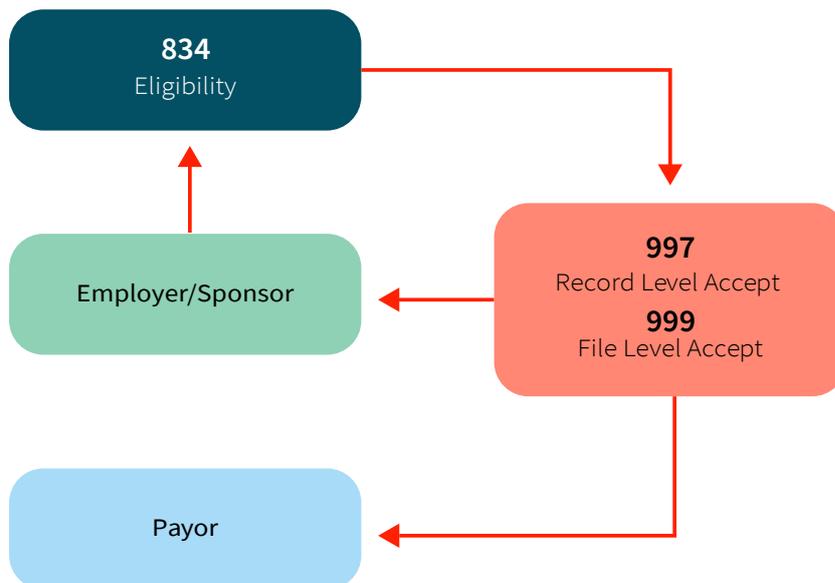
# EDI Process Flow

When engaging in EDI within the healthcare industry, you will see the below B2B exchange of EDI documents for various processes, as follows:

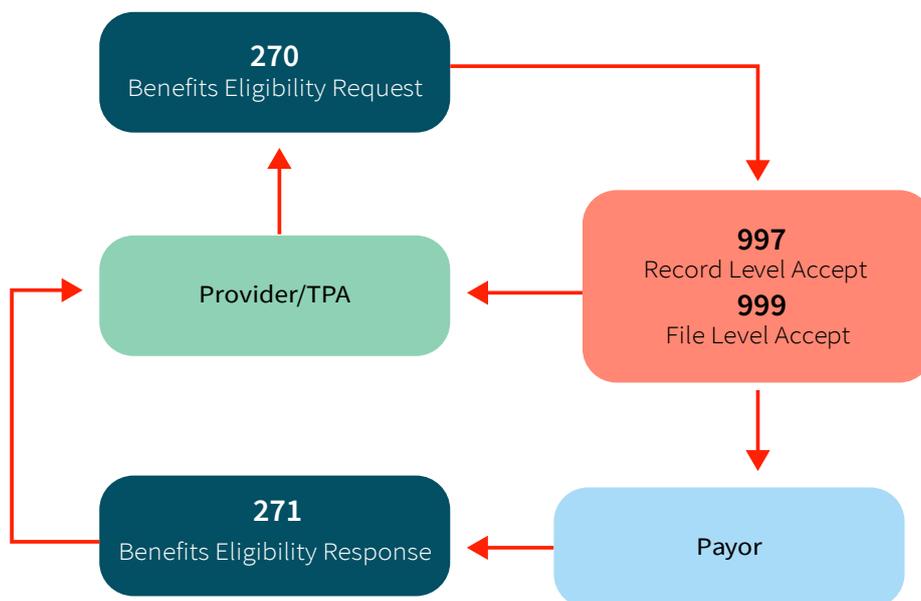
## Example: Healthcare Document Flow Between 837 Healthcare Claims and 835 Responses



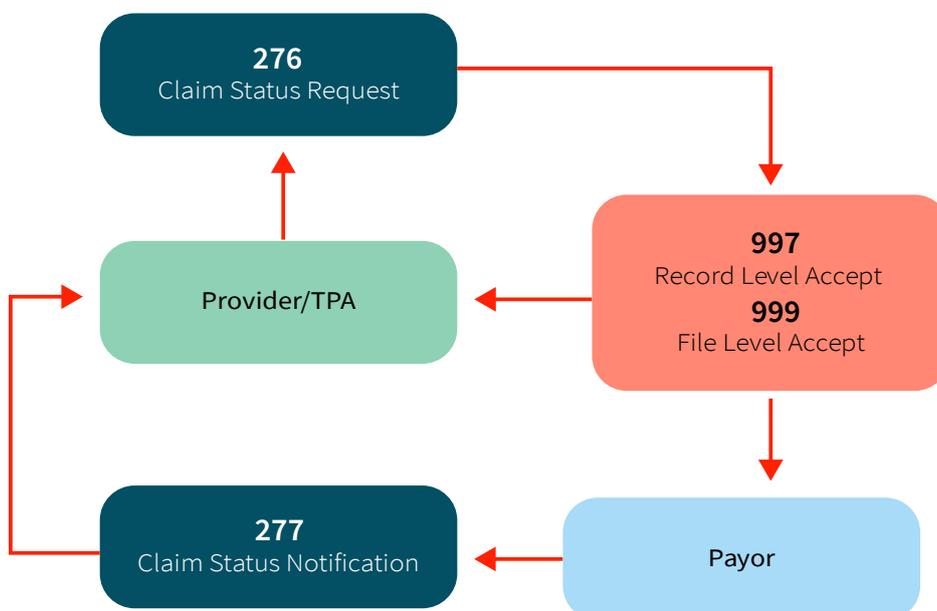
## Example: 834 Enrollment and Maintenance



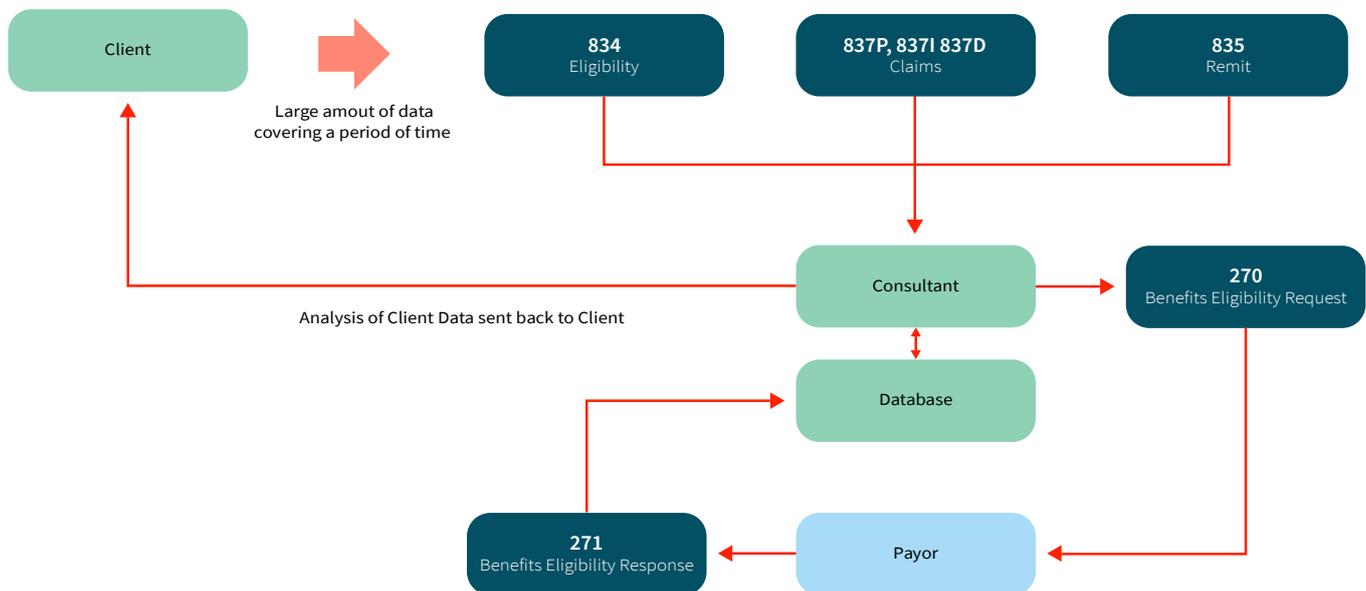
### Example: 270/271 Healthcare Eligibility Benefits Inquiry and Response



### Example: 1D 276/277 Healthcare Claim Status Request and Response



## Example: 270/271 Healthcare Eligibility Benefits Inquiry and Response



# 1 EDI Source Solutions

If you plan to be working with trading partners within the retail industry our EDI software solutions provide customizable and scalable solutions perfect for your retail needs no matter your organization's size.

## [PX] PartnerXchange

If you're a small organization just beginning with EDI with a large retailer trading partner or more, our PartnerXchange [PX] solution is perfect for your small business needs and allows you to scale with your trading partner.

## [MX] ManagedXchange

If you're interested in having your EDI fully managed, we provide both business and enterprise managed solutions with complete backend integration through our ManagedXchange [MX] platform.

## [HQX] HQXchange

If you are a large organization with multiple trading partners looking for an enterprise solution with complete EDI visibility, control, mapping and translation, our HQXchange [HQX] solution is perfect for your needs.

## [IX] IntelligentXchange

Our IntelligentXchange [IX] visibility solution works with any EDI translator and transforms complicated EDI data into actionable information. Immediately limit mistakes and research time, while finding opportunities to quickly and significantly impact customer relationships and revenue.

# Ready to Get Started?

The EDI experts at 1 EDI Source are here to help you not only learn EDI, but also provide the expertise, experience and solutions that will help your business grow. We have a full suite of EDI software and solutions perfect for your unique business needs.

Whether you choose a web-based, managed, installed or cloud-based EDI solution, we have a product that will exceed expectations. We also provide communication, integration and migration services to help complete your solution.

If you have questions about EDI, or you're ready to get started, contact us and we'll walk you through what EDI option is best for you and be your guide through the entire implementation and beyond. In no time at all, EDI will become a natural part of your business. And through our ongoing training, you can learn as much or as little as you'd like about the solution, process and ways to maximize success.

## EPICOR

We're here for the hard-working businesses that keep the world turning. They're the companies who make, deliver, and sell the things we all need. They trust Epicor to help them do business better. Their industries are our industries, and we understand them better than anyone. By working hand-in-hand with our customers, we get to know their business almost as well as they do. Our innovative solution sets are carefully curated to fit their needs, and built to respond flexibly to their fast-changing reality. We accelerate every customer's ambitions, whether to grow and transform, or simply become more productive and effective. That's what makes us the essential partners for the world's most essential businesses.

---

Contact Us Today: [info@epicor.com](mailto:info@epicor.com) | [www.epicor.com](http://www.epicor.com)

The contents of this document are for informational purposes only and are subject to change without notice. Epicor Software Corporation makes no guarantee, representations, or warranties with regard to the enclosed information and specifically disclaims, to the full extent of the law, any applicable implied warranties, such as fitness for a particular purpose, merchantability, satisfactory quality, or reasonable skill and care. This document and its contents, including the viewpoints, testimonials, dates, and functional content expressed herein are believed to be accurate as of its date of publication, January 6, 2023. Use of Epicor products and services are subject to a master customer or similar agreement. Usage of the solution(s) described in this document with other Epicor software or third-party products may require the purchase of licenses for such other products. Epicor and the Epicor logo are trademarks or registered trademarks of Epicor Software Corporation in the United States, and in certain other countries and/or the EU. Copyright © 2023 Epicor Software Corporation. All rights reserved.