

CMS enforcement of the Administrative Simplification Compliance Act (ASCA) has resulted in a major decline in the number of paper claims processed. ASCA requires that all initial claims for reimbursement under Medicare, except from small providers, be submitted electronically as of October 16, 2003, with limited exceptions. Providers that qualify as “small” automatically qualify for waiver of the requirement that their claims be submitted to Medicare electronically. Those providers are encouraged to submit their claims to Medicare electronically, but are not required to do so under the law.

CMS denial of paper claims that were submitted by providers that did not qualify under ASCA has dropped steadily from a high of over 350,000 claims in October 2006 to a low of just over 150,000 claims in June 2007. The percentage of total paper claims denied has dropped from a high of nearly 7% of all paper claims processed to under 4.5% as of June 2007. This trend indicates that providers are successfully transitioning from paper based claims to electronic claims.

