

**PART 424—CONDITIONS FOR
MEDICARE PAYMENT**

■ 1. The authority citation for part 424 continues to read as follows:

Authority: Secs. 1102 and 1871 of the Social Security Act (42 U.S.C. 1302 and 1395hh).

■ 2. In § 424.32, add a new paragraph (d) to read as follows:

§ 424.32 Basic requirements for all claims.

* * * * *

(d) *Submission of electronic claims.*

(1) *Definitions.* For purposes of this paragraph, the following terms have the following meanings:

(i) *Claim* means a transaction defined at 45 CFR 162.1101(a).

(ii) *Electronic claim* means a claim that is submitted via electronic media. A claim submitted via direct data entry is considered to be an electronic claim.

(iii) *Direct data entry* is defined at 45 CFR 162.103.

(iv) *Electronic media* is defined at 45 CFR 160.103.

(v) *Initial Medicare claim* means a claim submitted to Medicare for payment under Part A or Part B of the Medicare Program under title XVIII of the Act for the first time for processing, including claims sent to Medicare for the first time for secondary payment purposes. *Initial Medicare claim* excludes any adjustment or appeal of a previously submitted claim, and claims submitted for payment under Part C of the Medicare program under Title XVIII of the Act.

(vi) *Physician, practitioner, facility, or supplier* is a Medicare provider other than a *provider of services*.

(vii) *Provider of services* means a provider of services as defined in section 1861(u) of the Act.

(viii) *Small provider of services or small supplier* means—

(A) A provider of services with fewer than 25 full-time equivalent employees; or

(B) A physician, practitioner, facility, or supplier with fewer than 10 full-time equivalent employees.

(2) *Submission of electronic claims required.* Except for claims to which paragraph (d)(3) or (d)(4) of this section applies, an initial Medicare claim may be paid only if submitted as an electronic claim for processing by the Medicare fiscal intermediary or carrier that serves the physician, practitioner, facility, supplier, or provider of services. This requirement does not apply to any other transactions, including adjustment or appeal of the initial Medicare claim.

(3) *Exceptions to requirement to submit electronic claims.* The requirement of paragraph (d)(2) of this section is waived for any initial Medicare claim when—

(i) There is no method available for the submission of an electronic claim. This exception includes claims submitted by Medicare beneficiaries and situations in which the standard adopted by the Secretary at 45 FR 162.1102 does not support all of the information necessary for payment of

the claim. The Secretary may identify situations coming within this exception in guidance.

(ii) The entity submitting the claim is a small provider or small supplier.

(4) *Unusual circumstances.* The Secretary may waive the requirement of paragraph (d)(2) of this section in such unusual circumstances as the Secretary finds appropriate. Unusual circumstances are deemed to exist in the following situations:

(i) The submission of dental claims.

(ii) There is a service interruption in the mode of submitting the electronic claim that is outside the control of the entity submitting the claim, for the period of the interruption.

(iii) On demonstration, satisfactory to the Secretary, of other extraordinary circumstances precluding submission of electronic claims.

(5) *Effective date.* This paragraph (d) is effective October 16, 2003, and applies to claims submitted on or after October 16, 2003.

(Catalog of Federal Domestic Assistance Program No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: April 22, 2003.

Thomas A. Scully,
Administrator, Centers for Medicare & Medicaid Services.

Approved: August 12, 2003.

Tommy G. Thompson,
Secretary.

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