12-1975

Use of Optical Character Recognition in the Invoice Processing System of the Michigan Medicaid Program

Richard F. Burns
Western Michigan University

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USE OF OPTICAL CHARACTER RECOGNITION
IN THE INVOICE PROCESSING SYSTEM
OF THE MICHIGAN MEDICAID PROGRAM

by
Richard F. Burns

An Internship Paper
Submitted in
Partial fulfillment of the
Master of Public Administration Degree

Western Michigan University
Kalamazoo, Michigan
December, 1975
ACKNOWLEDGEMENTS

I am sincerely and greatly appreciative of the advice on methodology for writing this Internship paper given to me by Professor's Richard L. McAnaw and Peter Kobrak. They were both kind and unstinting in their respective and successive roles as pedagogue and mentor.

I wish to acknowledge and thank the following persons for making certain papers, unpublished work, and technical literature available to me: Ms. Barbara Daniels, Bureau of Health Insurance, SSA; Robert L. Montgomery, Herbert Schantz, Dan Davis, and Lou Temple of REI Inc., and Andrew Baird of IBM.

I am also indebted to Bernard Higgins, Director of the Bureau of Medical Assistance - MDSS, for his interest, support, and encouragement while I worked on this paper.
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TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Chapter</td>
<td>Section I</td>
<td></td>
</tr>
<tr>
<td>1. INTRODUCTION AND OVERVIEW</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Introduction</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Overview</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>A Definition of Need for Medicaid Administration</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>National Medicaid Program Costs</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Michigan Medicaid Program Costs</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>2. BACKGROUND TO THE PROBLEM AND THE PROBLEM STATED</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Background to the Problem</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>The Problem Stated</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>3. PROBLEM RESOLUTION</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>Alternative Data Entry Methods for Invoice Processing</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>The Preferred Methods of Processing - OCR, Tape to Tape, and Key Tape</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>4. IMPLEMENTATION OF THE INVOICE PROCESSING SYSTEM</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>The Action Taken</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Volumes Processed by OCR</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>5. SUMMARY</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>Bibliography</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Bibliography (OCR)</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Chapter</td>
<td>Section II</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>------------</td>
<td>------</td>
</tr>
<tr>
<td>6</td>
<td>Draft OCR User's Handbook</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Approved Typewriter Ribbon List</td>
<td>35</td>
</tr>
</tbody>
</table>

**Section III**

| 7       | Exhibits, Exemplars, and Addenda | 39 |

(Note: Figure 11, The MUMH-3, dated 11-17-75 and Figure 12 - Examples A to G.)

**Completed Exemplars**

- Example A: Medicaid Inpatient
- Example B: Medicaid Outpatient
- Example C: BC/BSM Inpatient
- Example D: BC/BSM Outpatient
- Example E: Medicare Inpatient
- Example F: Medicare Outpatient
- Example G: Other Carriers Inpatient

**Sub Systems of the Medicaid Management Information System**

- 65

(See also the following page for a List of Figures)
## LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Section I</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Program Use (Circle Graph)</td>
<td>11</td>
</tr>
<tr>
<td>2.</td>
<td>Comprehensive Central Case Management (schematic)</td>
<td>15</td>
</tr>
<tr>
<td>3.</td>
<td>Problem Solving (process choice)</td>
<td>19</td>
</tr>
<tr>
<td>4.</td>
<td>Major System Implementation Schedule</td>
<td>21</td>
</tr>
<tr>
<td>5.</td>
<td>Processing Flow by Percentage of Volume</td>
<td>23</td>
</tr>
</tbody>
</table>

### Section II  OCR User's Handbook

<table>
<thead>
<tr>
<th>Figure</th>
<th>OCR User's Handbook</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>Simplified Photo-Overview (using black &amp; white photo's)</td>
</tr>
<tr>
<td>7.</td>
<td>Circle Chart Showing Payment Cycle</td>
</tr>
<tr>
<td>8.</td>
<td>Role of the OCR Processor in the Payment Cycle</td>
</tr>
</tbody>
</table>

### Section III  Exhibits and Exemplars

<table>
<thead>
<tr>
<th>Figure</th>
<th>Exhibits and Exemplars</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.</td>
<td>Present In Patient Hospital Invoice</td>
</tr>
<tr>
<td>10.</td>
<td>Present Out Patient Hospital Invoice</td>
</tr>
<tr>
<td>11.</td>
<td>The MUH-3 A Combined Invoice</td>
</tr>
<tr>
<td>12.</td>
<td>Seven Exemplars using the MUH-3 Format</td>
</tr>
<tr>
<td>13.</td>
<td>A Listing of Program Numbers and Program Descriptions</td>
</tr>
<tr>
<td>14.</td>
<td>Flowcharts of Daily and Weekly Processing</td>
</tr>
<tr>
<td>15.</td>
<td>Program Support Characteristics of CIS</td>
</tr>
</tbody>
</table>
SECTION I

INTRODUCTION, OVERVIEW, AND THE PROBLEM STATED

Introduction

I have chosen this particular internship subject for several reasons. First, I wanted to document an especially successful portion of a system which is nearly unique in state Medicaid program administration. Also, I believed there was a real need to offer a bibliography to the reader in an area remarkable by its paucity of literature useful to the public administrator. Lastly I wished to prepare and outline a text for a "User's Handbook," to be printed and issued to the many providers of medical service whose invoices are processed by page readers using Optical Scanning.

Overview

In October, 1966, Title XIX of the Social Security Act establishing the Medical Assistance Program became effective. Michigan's Medical Assistance Program was among the first of many state programs which were subsequently established. The Michigan Department of Social Services (MDSS) at that time had neither the expertise nor equipment and work force to assume the direction of a program of this magnitude. Accordingly the department contracted with Travelers Insurance company to handle long term care, and Blue Cross/Blue Shield became the intermediary for the substantive balance of the Medicaid Program. As was the case in many states the original Michigan Medicaid Program was developed in a very short time span and, as a consequence, it was not possible to completely preplan detailed implementation of systems and procedures. The original system, therefore, did not provide the MDSS directorate adequate administrative information with which to manage and control the program.
As a result of the above situation, in December 1969, the MDSS under the direction of the Executive Office and the Legislature, initiated a project to design and implement a revised Medicaid Management Program. Analysis of the existing system and definition and documentation of system requirements for a revised system were completed by mid-1970. The last phase, implementation, of an improved system, began in August, 1970, and included selection of a fiscal agent to perform the claims processing function along with related activities. At this time the MDSS also assumed control of the Long Term Care system from Travelers. Its success in the direction of this system encouraged resolution of management deficiencies in the Medicaid payment and service system.

During the first and second quarters of 1971, proposals solicited from prospective fiscal agents were evaluated and compared for selection. These evaluations, in conjunction with an indication that substantial savings in administrative costs would be realized, demonstrated that it was both feasible and cost effective to assign the fiscal agent function to the State of Michigan.

Accordingly, a decision that the State would act as its own fiscal agent was made and the development of a State Medicaid System under the direction of the newly created Bureau of Medical Assistance, Michigan

1This management information and control concept included the following eight subsystems: Client Information Systems (Recipient Eligibility), Provider Enrollment, Invoice Processing - (with which we are concerned here), Performance and Utilization, Federal Government Reporting, Cost Settlement and Auditing, Medicare Premium Processing, and Inquiry and Advisory Services. More recently additional subsystems have been added to make a total Management Information System. A brief description of each of these subsystems is included in section III of this paper.
Department of Social Services, was begun. Implementation of the pro-
gram and concurrent phase-out of Michigan Blue Cross/Blue Shield, who
had been acting as fiscal agent from the program's inception, began in
April, 1972, and was completed, with full assumption of responsibility
by the State and termination of Blue Cross/Blue Shield, in March, 1973.

A Definition of Need for Medicaid Administration

Through the present time, in the western world there are three
variants of methods of providing medical care for welfare clients or
for those who use or need medical security programs. These systems
are used totally, or in combination to provide care for sickness,
sickness prevention, and maternity. These methods of providing medical
care and reimbursement for providers of service and care are:

1. The patient selects a provider of medical service and then
   pays for that service himself. The patient then submits the
   paid bill to the government or an intermediary for reimburse-
   ment.

2. The patient may select the provider of medical service and
   the state makes direct payment to the provider for the
   patient. The state does not own or operate the facilities
   nor are the physicians or other providers of medical service
   in the direct employment of the state. In some instances
   the options open to the patient may be limited as some pro-
   viders may not choose to participate in the program. Further,
   quality and levels of care may also be limited. Reimburse-
   ment may be for full cost or some major percentage of the
   "going" fee schedule rate.

3. In this system the state owns and operates the medical
   facilities and employs a staff for salary or wages. Ser-
   vice is provided to all eligible persons. These eligibles
   pay no fee other than their social insurance contributions.

Regardless of which of these systems is used there is a require-
ment for program administration as a complement to each of them. Huge
sums of money are involved in American health care and the Medicaid program in Michigan is no exception to this. Where such public expense is involved it is proper that the efficiency and perhaps ultimately the effectiveness of the program be studied.

**National Medicaid Program Costs**

Some definition of health costs for the United States and for Michigan is useful to the dimension of this paper and the following National Health Expenditure data is offered.\(^2\) In calendar year 1973 U.S. Health spending at the national level reached $99.1 billion and represented 7.7 percent of the GDP. Per capita expenditures amounted to $463.00. Consumer expenditures, including both direct payments and insurance benefits accounted for a 6.3 percent share of disposable personal income. The Medicaid program for 1973 at the national level caused an outlay of ten billion dollars for the Title XIX Program. What is interesting here is that this amount represents federal program match to state programs. In general the large population northern and western states receive a 50 percent federal match of state funds for their Medicaid programs. However many southern states (regarded as poverty prone or impoverished areas) may receive match on the order of 60 percent (Florida) to 83 percent (Mississippi).\(^3\)


\(^3\)“Characteristics of State Medical Assistance Programs Under Title XIX of the Social Security Act,” HFA Publication Public Assistance Series Number 49. Stock Number 1746-0005. 1970.
Michigan Medicaid Program Costs

Since its inception in 1966 the Michigan Medicaid program has grown by leaps and bounds. Let us take a look at program use and cost for the past two years. In calendar year 1974, the Medicaid program grew from annual expenditures of 436 million dollars to 571.5 million dollars. During this same time frame the number of recipients served by the program has grown approximately seven percent, from a total of 770,000 to slightly over 820,000 persons.

During the calendar year 1973, the Bureau of Medical Assistance received and processed invoices representing over 21,000,000 claims. Payment for medical services during 1973 totaled $436,350,000. Since assuming the fiscal agent function, the State has processed 40 million invoices and made payments totaling $1,026,976,096.00. For a breakout of claims by provider type and showing the amounts of reimbursement received see the circle graphs on the following page (Page 11).
Figure 1

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Background to the Problem

Consistent with the information pertaining to the initial implementation of the Title XIX, the following inadequacies of the Medicaid program soon became apparent and continued to present difficulty through the time of the changes described in this paper. These inadequacies were:

1. Lack of accurate and adequate information concerning many facets of the program including the claims processing system.

2. Lack of MDSS management control.

3. Rising program use and costs and the Department's inability to answer specifics pertaining to prediction and growth.

4. Client entry (registration) was slow and unsatisfactory. It often took 4 to 17 weeks to qualify a client as "up" on the paper system that provided the entry mechanism. (See the program/activity matrix that follows this section).

5. Increasingly the "case work" method of handling clients was proving cumbersome in handling small high volume/high turnover cases. The department simply was not staffed with caseworkers to handle the numbers of transactions which confronted the few medical assistance workers available to handle the "loads." (Annual worker turnover from resignations in some counties reached 40-60 percent.)

6. There was some feeling - with no way to know for sure - that third party liability and payment was not being fully and completely pursued by the intermediaries acting for the department.

7. Empirical figures developed by the department and its systems consulting firm (Touche, Ross, Bailey and Smart)" tended to indicate that invoice claims processing costs charged by intermediaries were high.

All of these inadequacies and problem indicators pointed to a pressing need for overhaul of the existing system, or more properly the lack of system.

4Touche, Ross, Bailey and Smart in a series of consultant evaluation and work contracts provided the systems definition and direction to make the substantive improvements which are described in this paper. See also the three volume series, "Medicaid System Design Requirements," listed in the bibliography. The management systems which eventually emerged from this activity, those pertaining to medical assistance, are listed and depicted in the last two pages of Section III.
General assessment of GA/PA/MA program activity is reflected in the following matrix:

<table>
<thead>
<tr>
<th>N.D.S.S. ACTIVITY</th>
<th>PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GENERAL ASSISTANCE</td>
</tr>
<tr>
<td>CLIENT INTAKE &amp; REGISTRATION</td>
<td>Fair</td>
</tr>
<tr>
<td>CONTINUING TRANSACTIONS</td>
<td>Fair</td>
</tr>
<tr>
<td>CONTINUING PAYMENTS</td>
<td>Fair</td>
</tr>
<tr>
<td>CASE TERMINATION</td>
<td></td>
</tr>
</tbody>
</table>

* 4 to 17 weeks

Thus, need existed to greatly improve recipient eligibility processing and to also improve the invoice or claims processing system and both of these activities should provide management information that could be stripped off to satisfy reporting needs. Some notion of the complexity of documenting GA/PA/MA programs and their interface with each other may be obtained from examination of figure 2 which follows the problem statement.

The Problem Stated

To develop a Medicaid invoice (data) input method which is a cost/ effective part of the total Medicaid Invoice Processing System and which
provides the information to accommodate the following program characteristics:

1. Provide a means of payment for enrolled provider invoices.

2. Provide a method of establishing the eligibility and approving the invoices submitted for payment and editing these invoices for state and federal requirements for eligibility of services, providers, and recipients. This activity should include a third party liability and recovery process.

3. Provide a means of recording recipient and provider use of the program and from these records provide information for program management and reporting. This record keeping should provide for post payment surveillance and cost audit and rate setting.

4. Operate this system using standard accounting practice, and customary business controls and safeguards. Meet the control standards of regulatory agencies.

5. All of these characteristics should be done in a timely manner.
DEVELOPED CONTROL ON CLIENT PARTICIPATION RECORD COMPATIBLE TO EDP SYSTEM

GENERATE MA CURRENT ELIGIBILITY TAPE

CONSTRICT MA HISTORICAL ELIGIBILITY FILE

GENERATE MA ELIGIBILITY CHANGE TAPE

PAY MA PROVIDERS, PRESENT STATE CLAIMS, AND PROVIDE CLAIMS TAPES

TRAVELERS INS. CO.
BLUE CROSS
BLUE SHIELD

CONSTRUCT MA UTILIZATION FILE FOR NURSING HOMES AND OTHER LONG TERM CARE

PROCESS CLAIMS TAPES RECONCILIATION EDIT FEDERAL REPORT PROCESS

DEVELOP COMPREHENSIVE REPORT STRI PROVIDER, TYPE OF SERVICE, UTILIZATION AND PROCEDURES

OAA MASTER ACTIVE FILE

ADC MASTER ACTIVE FILE

AB MASTER ACTIVE FILE

AD MASTER ACTIVE FILE

MA MASTER ACTIVE FILE

UPDATE CHANGE TAPE

MA POSTIVE/NEGATIVE QC

REPORTS AND CONTROLS ON OPENINGS, CLOSINGS, TRANSFERS

REASONS FOR OPENING

REASON FOR CLOSING

PA PAYROLL AND WARRANT GENERATION INTEGRATED PROCESS

GENERATION OF MA ELIGIBILITY CHANGE TAPE FOR INTERMEDIARIES
MA MASTER ACTIVE FILE

UPDATE CHANGE TAPE

REPORTS AND CONTROLS ON OPENINGS, CLOSINGS, TRANSFERS

REASONS FOR OPENING

REASON FOR CLOSING

PA PAYROLL AND WARRANT GENERATION INTEGRATED PROCESS

GENERATION ID CARDS - MA

GENERATION OF MA ELIGIBILITY CHANGE TAPE FOR INTERMEDIARIES

PA PAYMENT REGISTER

PA PAYROLL SUMMARY

CHILD CARE AUTHORIZATION AND PAYMENT

FOSTER HOME CONTROL FILE AND LICENSE ISSUANCE

216 HOME STUDY FILE: FOSTER HOMES

216 STATE WARD CONTROL AND REPORT FILE

RECORD DATA SLIP AND FOSTER HOME VOUCHER PROCESS

REVENUE LISTING

MEMO TO REVENUE ON CHARGES TO PARENTS

CONTROL ON OASDI AND VETERAN'S BENEFITS TO STATE WARDS

ADOPTION RESOURCES EXCHANGE

216 HOME STUDY FILES: ADOPTIVE HOMES

216 STATE WARD CHILD FILE: ADOPTIVE

OCTOBER 1, 1969
PROBLEM RESOLUTION

Alternative Data Entry Methods for Invoice Processing

<table>
<thead>
<tr>
<th>Method</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Manual/Batch (Using a large staff, standard office machinery, &amp; outside Serv.Bur.)</td>
<td>No advantage for this volume of invoices (40,000-60,000 per day). Some case might be made for employment of several hundred low/skill clerks.</td>
<td>Cumbersome, slow. Costly in terms of supervision, personnel wages and fringes. On-site location costly in terms of Foot² of office space required.</td>
</tr>
<tr>
<td>2. Key Punch/Key Tape</td>
<td>The department has a middle sized key tape shop and this could be the nucleus of a larger shop entering the invoices. Additional key punch/key tape equipment was readily available.</td>
<td>High error rate of operators or requirement to &quot;Verify&quot; by duplicate entry. Method adds an extra element of time - as claims must be transposed from medium to medium. Difficult in Lansing to obtain 2nd and 3rd shift operators - fear of mugging and assault. This medium requires trained operators.</td>
</tr>
<tr>
<td>3. Key Disc</td>
<td>Contemporary (1974-75) key disc equipment provides information editing and storage for essentially the same price as key/tape.</td>
<td>At the time this study was made key/disc was a relatively unknown quantity (Circa '71-72) and the equipment was not available.</td>
</tr>
<tr>
<td>4. Direct remote entry stations</td>
<td>Provider of service could enter data in format for service(s) directly to MDSS for payment processing. Reception of input could be buffered and stored for offhour processing, some scheduling advantage for around the clock computer use.</td>
<td>Cost of this method too high for all but high volume providers*. Not practical for those providers in the occasional service. *Large hospitals and clinics. Providers in conglomerates or chains.</td>
</tr>
</tbody>
</table>

*Large hospitals and clinics. Providers in conglomerates or chains.
### Alternative Data Entry Methods for Invoice Processing (Continued)

<table>
<thead>
<tr>
<th>Method</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Optical Character Recognition</td>
<td>Direct capture of data from invoice w/ no transposition errors. Any typist can type and produce a finished claim form with just a few hours of orientation. The invoice billings can be produced in the providers' office either during or in addition to regular &quot;office hours.&quot; (Providers to receive quick [8-14 days] return on the submitted invoice.)</td>
<td>Requirement for &quot;Quality&quot; format-input. Input based on special forms design and mandatory typing of invoice forms. Some providers reluctant to type their forms. Some OCR machines require special type font. Initial equipment costs/rental is high. Expensive inventory of special forms. Some vendors did not live up to claims made for capability of machines - i.e., machine capability grossly misrepresented.</td>
</tr>
<tr>
<td>6. Tape to Tape Billing Transfers</td>
<td>A custom &quot;service bureau&quot; function for the provider who does not wish to generate his own invoices. Useful to large or small volume operations. Small volume pays for custom service done for him by someone else, and large volume may generate his own tapes.</td>
<td>De-centralized operation coming from on-site service locations to the place (locally) where tape is produced. This technology was not considered practical for state-adaption as it lacked central control/authority to make it practical. Also precise billing formats were not known at the time of this study.</td>
</tr>
<tr>
<td>7. Combinations &amp; variations of: Punched paper tape, Punched Cards, Mark Sense, Flexo-Writers, Teletype-Telegraphic machines.</td>
<td>These methods considered to be outmoded or not economical for this volume of invoices.</td>
<td>These methods were not considered.</td>
</tr>
</tbody>
</table>
The Preferred Entry Methods of Processing

Evaluation and consideration of the several methods of data entry discussed on pages 16 and 17 soon narrowed the field to the following choices which appeared to be the most fruitful:

1. OCR - This appeared to be the answer. Some applications of OCR use were found (pharmacy billings and auto warranty claims) which approach the size and volume of claims we expected to process. These systems were not efficient - but the reasons for their inefficiency were patently attributable to mismanagement, poor forms design, bad typing, and inadequate rapport with persons using the system. Although the Medicaid billing system appears similar in principle to credit card/embossed card billing, this is not the case. This technique which is successful on an enormous scale for its limited purpose and billing activity is actually a low grade (quality) application of the real potential of the optical page reader. Credit card billings may only be "read" at the 60-65 percent level, while we expected to achieve an 80-90 percent read level for billings which cover a whole page - not just a small slip of card stock. It was apparent that we would have to convince our providers to give us quality input with their invoices. In turn we would honor and pay their billings in the shortest turnaround time in the health care world. Success in this area would further be premised on forms that were (really) easy to use, training seminars for billing clerks, manuals and InKats "hot" lines to answer questions, quality training aids, newsletters, and rapport with individual providers and their professional groups. The payoff would come through greatly lowered invoice processing costs.

2. To back up this system, KEY TAPE would be used. He had a key tape shop which was being successfully used and an enlargement of this activity would serve to accommodate the invoices not processed by OCR. Key Tape was the least expensive entry method that was more sophisticated than card entry. Even though it might involve mounting and dismounting many tapes for each entry "jet" this was the next best entry method.

(A) Lengthy and detailed studies were conducted of each of the entry methods - these included cost/benefit, systems evaluations against other hardware to be used in the system, and actual on-site visits to locations where such equipment was being used in similar applications. Also included as selection narrowed was testing and benchmarking equipment (against manufacturers' claims - often found to be grossly exaggerated) and using forms and data which represented actual examples of claims.

(B) This has since been upgraded to Key Disc. Larger storage content of the packs means less handling of gathered information and less chance of further error.
PREFERRED PROCESSING METHODS

Figure 3

Background Assumptions

Problem Definition

Constraints

Objectives

Detailed Analysis of the following methods: (Alternatives)

- Optical Character Readers/Page Processors
- Key/Disc
- Tape to Tape

Acceptable Solution A

Acceptable Solution B

Acceptable Solution C

Cost/benefit Analysis
Time Considerations
Evaluation and Comparison

Model

Solution to the Problem: Adapt OCR, Key Tape, and Tape to Tape processing techniques for claims processing

Comparisons

Comparisons
3. Tape to Tape. Early on it appeared that at least some of the bigger hospitals and chain activities either had their own large computers or that their volumes would warrant interface in this area. This proved to be the case. Some trouble occurs here with initial systems testing and getting new tape users up. Delivery of the tapes can be expensive or if low grade delivery systems are used tape damage through bad handling can occur resulting in substantial delays. Systems compatibility may have to be resolved through expensive custom programming or purchased "packages."

IMPLEMENTATION OF THE INVOICE PROCESSING SYSTEM

The Action Taken

The MDSS with its decision made to assume the entire Title XIX program in-house and to assume the function(s) contracted to intermediaries began to upgrade a major segment of its entire welfare system. The department was soon engaged in policy studies, systems studies, and a gigantic programming effort. This was accompanied by the definition of the need for a telecommunications network to replace its pilot Teletype and CRT system, and the acquisition of larger computer capacity and added peripheral equipment. Daily and weekly progress meetings were held as the master time-phase plan was executed phase by phase under the direction of the department's top management and some highly qualified consultants.

Naturally the implementation of the Invoice processing system was but one segment of this program. At the request of the Director of the Bureau of Medical Assistance a major system implementation schedule was developed and distributed throughout the MDSS. This added greatly to the perception of the progress of this undertaking at all levels of participation. A correct and important decision made early in conjunction with this project was to phase-in the invoice processing of the newly enrolled providers. As each provider type entered the new payment
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In order to maintain enrollment, prepare and assemble hospital manuals. Begin home health and hospital seminars. Continue remaining hospital seminars. Distribute L.T.C. manuals and continue implementation.

Implementation of H-ICDA diagnostic values.

Train and meet HME and A.D.P. implementation. Begin Phase V registration. Continue on-line update Phase IV. Begin Phase VI invoice processing support.

Ongoing enrollment and maintenance.

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system problems (often unanticipated) peculiar to that group became apparent and were resolved. Without this spaced phasing, the bureau would have been inundated with problems but by spacing them out they could be resolved in an orderly manner. (See the bottom of figure 4.)

Design of billing forms suited to the program was a major forms design and systems effort. There was little precedent for the format and design of these forms—particularly in respect to the volume, size, and complexity of the intended Medicaid use. This was followed by programming to accommodate the forms. (See Section III of this paper for examples.)

Volumes Processed by OCR

Early in the implementation about 65 percent of the provider invoices received were processed by OCR. The balance was entered by key tape. As the system, its equipment, and staff became fine-tuned and more proficient the benefits of our commitment to OCR really began to pay off. (For processing technique by percentage of volume see figure 5.)

Summary

The following summary points are offered as a conclusion to Section I of this paper:

1. The Invoice Processing System using OCR data entry was an enormous success. Claim lines are processed for 38¢, Invoices—which average about 2.1 claim lines per page—are processed for 87¢ each. This is a uniquely cost/effective system setting a standard for the nation.

2. The successful initiation of such a system is utterly dependent upon a well planned conversion effort. Each step and phase must be carefully laid out and executed. Resources must be generated and/or exist to do it.

3. A successful effort depends heavily on the quality of OCR forms, their design, and the cooperation of the providers who prepare the forms for data entry. (See also page 39, Section III.)
VOLUME OF MEDICAID CLAIMS BY PROCESSING METHOD

85-90% of all invoices (paper format claims) received are processed for payment by OCR.

15% of all claims received are processed by the tape to tape method.

10-15% of all invoices (paper format claims) are processed by Key Disc.

Figure 5
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Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.
This OCR USER'S HANDBOOK has been written and distributed to you to help you produce error free invoices that can be read on our Optical Page Readers. There are many OCR machines used in Michigan to process information for use in government and the business world, and through the efficient use of such machinery the cost of government and consumerism is lowered.

Claims for provider services rendered to clients of the Michigan Medicaid programs are handled in one of two ways. Major hospitals, clinics and drug chains may choose to summarize their computer billings on magnetic tape and bill the Bureau of Medical Assistance (BuMA) directly. This method is referred to as "Tape to Tape" billing. About 15 percent of all provider claims are handled in this fashion. The other method is to summarize services provided on a billing form and to have that bill processed by the bureau by data entry and edit. (See figure 5 and figure 8 of this paper.) Presently BuMA has two OCR machines to process the 40,000 to 60,000 invoice forms that are received each work day. To encourage quality input of typed invoices which can be efficiently and quickly processed by OCR the BuMA processes and pays these invoices in 8 - 15 days. This turnaround time has reduced the money "float" of providers and set a new standard for payment of medical claims throughout Michigan and the nation.

This philosophy is reflected in the following Figure. A payment envelope insert.

**OUR GOAL IS PROMPT PAYMENT !!!**

1. **YOU HAVE HELPED US TO PROMPTLY PAY YOUR CLAIM BY SUBMITTING AN INVOICE WHICH WAS CORRECTLY TYPED AND FREE OF ERRORS DETECTABLE BY OUR EDIT SYSTEM.**
2. **THIS RAPID PAYMENT HAS HELPED TO DECREASE YOUR CAPITAL "FLOAT" THAT IS TIED UP IN A DEFERRED PAYMENT PROCESS OF 30 TO 120 DAYS.**
3. **THIS CLAIM WAS PAID IN 10 WORKING DAYS, OR LESS.**
4. **YOUR COOPERATION IS GREATLY APPRECIATED BY THE BUREAU OF MEDICAL ASSISTANCE, MICHIGAN DEPARTMENT OF SOCIAL SERVICES.**

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To help you understand our Invoice Processing System and the way that your invoices are received, recorded, and paid, the following (words and picture text) -- overview of our system is -- (offered). (1)

CLOSE UP SHOT

A pharmacy form with pre-printed header, identifying the provider pharmacy and giving the provider enrollment number.

Clerk typing an invoice using a Claims form and with a provider manual laid out which summarizes required invoice content for billing.

(A FAN OF)

Pre-printed pre-addressed envelopes - which are given to the provider to "mail in" his billings.

After the invoices are typed they are mailed to the Bureau of Medical Assistance in sturdy brown kraft envelopes to protect them in transit.

(1) NOTE: Three pages of illustration and text follow giving a "birdseye view" of the people, machinery, and system that processes paper invoices. The illustrations are large black and white, screened photographs accompanied by a text which amplifies and repeats the picture content. The photo's will be taken in-house and show actual forms processing. Stills provided by various equipment manufacturers have been found to be too static and product oriented to achieve the rapport that is intended for this publication. Photographs will be about 2" x 3" or 3" x 5½" in size depending on the final format of the booklet. Actual booklet size will be 8¾" x 5½" or 8½" x 11". Text and illustration will run 12 to 16 pages and cover stock will be 80 to 100 pound paper. Both front and back cover on both sides can accommodate text and illustration.)
Clerks at the Bureau of Medical Assistance open envelopes and inspect forms for certifying signature.

Vibrator which aligns edges of forms for feeding into the numbering device which prints a Claim Reference Number on the form, the forms are then aligned again for microfilming, and then finally for the run through the OCR machine.

Offset printing machine with numbering head which prints a "Claim Reference Number" on each form. INSET. Example of a Claim Reference Number on a form and how it is broken out for accessibility by year, Julian date, and daily sequence.

Kodak Microfilmer, these machines are used to film 50,000 to 80,000 invoices per day. Microfilm is then stored for access for seven years, a second copy is kept in a separate vault location against the possibility of fire.
REI "Input 80" Optical Page Reader. Michigan has two of these machines in its Health and Welfa­re Data Center.

"Input 80" front view. The feed bin has 2800 forms in place ready to be read.

Side view of the Input 80 showing (from left to right) reject bin, pend bin and accepted bin. Most forms are rejected because they may have been inserted in the machine upside down or that they may have been typed with a script type font. The pend bin represents forms that in some way have missing information of strikeovers which the machine can't read.

The OCR machine prints out an error listing which shows why certain invoices have "pended." Typical reasons for this are missing information which for some reason has been left off the form, or simple typing errors which are inconsistent with reading instructions for the machine.

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Re-Entry form for pended documents. This error correction and re-entry system involves "spotting" simple errors as listed on the printout and then typing in the correct information.

Pended Claims Section. Here experienced clerks review pended claims which may contain more complex errors or billings which are inappropriate and resolve the error which can then be corrected by on-line date entry.

Clerk corrects an error in the on-line file which is accessed and corrected by means of this Video Data Terminal. When the invoice error is corrected and shown correctly on the VDT screen the operator pushes a transmit button and the bill is released for payment in the current billing cycle.

NOTE: Two additional illustrations and an approved typewriter ribbon/tape list follow at the end of Section II.
Now that you have had a look at our system - the following suggestions are offered to you - to help you prepare invoices which will be read by the OCR machine without errors or omissions.

1. Utilize the alignment boxes (pica, elite) at the top of your invoices. This will assure that your typed characters will be within the data field spaces on the form.

2. Change the typewriter ribbon as needed. Characters must be bold and distinct. Light characters are misread or omitted. **NOTE:** Use OCR quality BLACK ribbon only. (See approved ribbon list.)

3. Clean your typewriter each time you type a batch of invoices, especially the type characters or type ball. Dirty type results in closure (6 0 5 3), fuzzy characters (7 5 6), uneven density (8 7 5), the result is misreading (5 read as 8, 8 read as 6, etc.) or dropping of the characters. In either case, you are paid incorrectly or not at all.

4. Be sure that your characters are typed on the same horizontal plane. Uneven characters (CHARACTERS), result in misreading or dropping of characters.

5. Do not type over characters. Corrections can be made by smoothly and evenly applying correction fluid. Lines with errors can be deleted by typing **capital X's** in the deletion boxes at the right of the invoice.

6. Though we read a wide variety of typewriter fonts, we cannot read script or italics. Fonts proportionately pitched are not read by the system.

7. Complete all mandatory data fields. Unused fields are to be left **BLANK.** Be sure to sign your invoices. A signature or signature stamp is required. Always check to see that the Provider Type (Box #3) and the Provider ID # (Box #4) is correct.

8. When you mail your invoices, allow for the weight of paper clips and attachments. The postage guide on the back of your envelope is for invoices only. It should be noted that mail deliveries in Michigan vary between one day and five days. Always show a return address on the envelope.
### APPROVED TYPEWRITER RIBBONS

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Trade Identification</th>
<th>Base Material</th>
<th>Color</th>
<th>Type</th>
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<tr>
<td>Burroughs Corp.</td>
<td>Nu-Kote 02-0113-254</td>
<td>Polyethylene (Film)</td>
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<td>Nu-Kote 02-5110-263</td>
<td>Polyethylene (Film)</td>
<td>Black</td>
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<tr>
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<td>Bellaire 02-5110-651</td>
<td>Polyethylene</td>
<td>Black</td>
<td>Reusable</td>
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<tr>
<td>Carter's Ink Company</td>
<td>- 30-882 Mylar (Film)</td>
<td>Black</td>
<td>One-time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- V82 Nylon (Woven)</td>
<td>Black</td>
<td>Reusable</td>
<td></td>
</tr>
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<td>Columbia Ribbon &amp; Carbon Co.</td>
<td>- SF-100 Polyethylene</td>
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<td></td>
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<td>Black</td>
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<td>IBM</td>
<td>&quot;Selectric&quot; 3121(recorder Polyethylene</td>
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<td></td>
<td>OCR Film no. 1136310 (Film)</td>
<td>(Film)</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>5121(recorder Mylar (Film)</td>
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<td>One-time</td>
<td></td>
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<tr>
<td></td>
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<td>General Purpose ( recorder no. Nylon (Woven)</td>
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<tr>
<td></td>
<td>1136138</td>
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<td>Roytype (Div. Park of Litton Lane Business Systems Inc.)</td>
<td>7028 Nylon (Film)</td>
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<td></td>
<td>Vertex 1-X-45 ink formula Polyethylene (Film)</td>
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<td></td>
<td>Vertex P-900 Polyethylene (Film)</td>
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</tbody>
</table>

**RIBBONS FOR (SERVICE BUREAU) LINE PRINTER EQUIPMENT**

The following is a partial list of OCR quality line printer ribbons.

- Columbia Mylar SS Super Intense #3324-9900
- IBM #457937
- Underwood Olivetti Black Nylon #S-N76119 (674-715HM)
- Keelox Black OCR

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Schematic of OCR Page Processor showing concept of Invoice feed, handling, stacking, and options for data output.
Exhibits, Exemplars, and Addenda

Two major important components of the Invoice Processing System are the forms that are used to enter data and the data processing system which generates the end products of payment and management information. It is for the purpose of taking the reader into these two areas that this section is offered.

A single form use is considered here, that of In Patient and Out Patient Hospital Billing. This form is typical in that over the 3½ year period of its (Medicaid Provider) use, considerations and proposed change on the national scene have caused the development of a summary billing form to be used for both of these purposes. On the national level the American Hospital Association has developed a prototype form (the UB-16) which does not presently serve the range of billing needs for all carriers and hospital use. Accordingly under the aegis of the Five Michigan chapters of the Hospital Financial Management Association the Michigan Universal Hospital Billing Form (MUH-3) was designed and is to be put to field test in January of 1976. Examples of this activity are presented on the following pages.

A listing of some of the Medicaid program descriptions and flow charts of daily and weekly processing are offered on pages 50, and 56, respectively.

Program support characteristics as a conceptual "figure" and a very brief description of the components of the Medicaid Management Information System are given on pages 64 and 65.

---

The Uniform Billing Committee of the Coordinating Council of the Five Michigan Chapters of the Hospital Financial Management Association, was comprised of the following members: Co-Chairmen; Jerry Davison, Michigan Blue Cross and John Kelly, Patient Financial Manager, St. John Hospital. Members; Clayton Benjamin, Michigan Blue Shield, Brian Boyle, New England Life - Health Insurance Association of America, Robert Kitzman, Henry Ford Hospital, Guy Laprad, University Hospital, George Norris, W. A. Foote Memorial Hospital, Thelma Plotkin, Michigan Blue Cross, Clifford Kabacinski, Bon Secour Hospital, Shirley Smeley, Memorial Hospital of Mason County, Paul Spindler, Michigan Blue Cross, Richard Thomas, Tolfree Memorial Hospital and Richard F. Burns of the Bureau of Medical Assistance (Medicaid).
### Michigan Uniform Hospital Billing Notice

**Hospital Name:** GRACE HOSPITAL-CENTRAL

**Patient's Last Name:** CURRY

**Primary Diagnoses:**
- Gangrene Left Great Toe
- Diabetes Mellitus
- Below Knee Amputa LT LEG

**Procedure Codes:**
- 59003: Trans SERV
- 59011: Supplies
- 59012: Operating Room
- 59014: Anesthesi
- 59015: Inhalation Therapy
- 59016: Radiology
- 59017: Laboratory
- 59010: Pharmacy
- 59013: Recovery RM

**Summary of Charges:**
- **Total Net:** $66,777.30
- **Pt. Pay Amount:** $500
- **Total Key:** 66,777.33

---

**Notice of Payment Rejected for the following reason:**
- Medicare

---

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CODES and CERTIFICATIONS

BLUE/CROSS and OTHER CLAIMS

MEDICARE CLAIMS
Patient's Certification, Authorization to Release Information, and Payment Request. I certify that the information given by me in applying for payment under Title XVIII of the Social Security Act is correct. I authorize any holder of medical or other information about me to release to the Social Security Administration or its intermediaries or carriers any information needed for this or a related Medicare claim. I request that payment of authorized benefits be made on my behalf.

SIGNATURE X

(Date)

(Patient or authorized representative)

SIGNATURE OF PROVIDER REPRESENTATIVE X

MEDICAID CERTIFICATION
This is to certify that the information on the reverse side is true, accurate, and complete. I understand that payment and satisfaction of this claim will be from Federal and State funds, and that any false claims, statements, or documents, or concealment of a material fact, may be prosecuted under applicable Federal or State laws.

PROVIDER'S SIGNATURE X
**MICHIGAN UNIFORM HOSPITAL BILLING NOTICE**

**Hospital Name:** BUTTERWORTH HOSPITAL  
**City:** Grand Rapids  
**State:** MI  
**Zip:** 282303

**Patient's Last Name:** BRADY TERRY L  
**Sex:** M  
**Birthdate:** 03/10/1975  
**Social Security Number:** 13881289

**Guarantor's Name:** ANDERSON MD  
**Street Address:** 1128351

<table>
<thead>
<tr>
<th><strong>Service</strong></th>
<th><strong>Rate</strong></th>
<th><strong>Units Covered</strong></th>
<th><strong>Non-Covered</strong></th>
<th><strong>Service</strong></th>
<th><strong>Rate</strong></th>
<th><strong>Units Covered</strong></th>
<th><strong>Non-Covered</strong></th>
<th><strong>Avg. $/</strong></th>
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<td>EMERGENCY TREATMENT</td>
<td>69032</td>
<td>0427</td>
<td>1</td>
<td>1500</td>
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<td>24601</td>
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<tr>
<td>PHARMACY</td>
<td>69010</td>
<td>0427</td>
<td>1</td>
<td>24601</td>
<td>24601</td>
<td></td>
<td></td>
<td>75</td>
</tr>
</tbody>
</table>

**Remarks:**  
NAME OF DRUG IS ANTI-HEMOPHILIC FACTOR.  
AMOUNT AND STRENGTH OF DRUG IS 1000 UNITS. NAME OF DRUG COMPANY IS ARMOUR.

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CODES and CERTIFICATIONS
BLUE/CROSS and OTHER CLAIMS

MEDICARE CLAIMS
Patient's Certification, Authorization to Release Information, and Payment Request. I certify that the information given by me in applying for payment under Title XVIII of the Social Security Act is correct. I authorize any holder of medical or other information about me to release to the Social Security Administration or its intermediaries or carriers any information needed for this or a related Medicare claim. I request that payment of authorized benefits be made on my behalf.

SIGNATURE X

(Patient or authorized representative) (Signature by mark must be witnessed)

SIGNATURE OF PROVIDER REPRESENTATIVE X

MEDICAID CERTIFICATION
This is to certify that the information on the reverse side is true, accurate, and complete. I understand that payment and satisfaction of this claim will be from Federal and State funds, and that any false claims, statements, or documents, or concealment of a material fact, may be prosecuted under applicable Federal or State laws.

PROVIDER'S SIGNATURE X

NOTE: The space on this diagram will be used for hospital bed and other special care codes.

<table>
<thead>
<tr>
<th>(HACA) Hospital Information Classification of Diagnoses Agreed</th>
<th>Diagnosis Codes</th>
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<tbody>
<tr>
<td>HACA</td>
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<tr>
<td>Inpatient Room</td>
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<tr>
<td>Intensive Care Unit</td>
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<td>Operating Room</td>
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</tr>
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<td>Emergency Room</td>
<td>B7B99</td>
</tr>
<tr>
<td>Medical Office</td>
<td>B7B99</td>
</tr>
</tbody>
</table>

Codes to be used when completing this form for Medicaid payment.
**Michigan Uniform Hospital Billing Notice**

- **Hospital Name:** St. Christophers
- **City:** Detroit
- **State:** MI
- **Zip Code:** 48226
- **HCN:** HC-239
- **Patient's Last Name:** Dawn
- **Sex:** M
- **Date of Birth:** 12/18/21
- **Patient's Address:** 8711 Dobie St, Detroit, MI 48226
- **Patient's Physician:** Frank R. White
- **Discharge Date:** 05/12/75
- **Discharge Diagnosis:** Coronary Myocardial Infarction
- **Institutional Charges:** 1826.85
- **Net Patient Payment:** 1766.00
- **Insurance Deductible:** 60.85

**Description of Services**

<table>
<thead>
<tr>
<th>Code</th>
<th>Service Description</th>
<th>Rate</th>
<th>Hours</th>
<th>Units Covered</th>
<th>Covered</th>
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<th>Avg. SW</th>
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<td>1</td>
<td>Operating &amp; Rec. Rm.</td>
<td>40.00</td>
<td>6</td>
<td>240.00</td>
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<td>0</td>
<td>149.00</td>
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<tr>
<td>2</td>
<td>Medical Surg. Supp.</td>
<td>148.00</td>
<td>3</td>
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<td>3</td>
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</tr>
<tr>
<td>4</td>
<td>X-Ray</td>
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<td></td>
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</tr>
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<td>Laboratory</td>
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<td>Medical Surg. Supp.</td>
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<td>7</td>
<td>TV Rental</td>
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<td>8</td>
<td>Rec. Therapy Supp.</td>
<td>3.00</td>
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<td>9</td>
<td>Guest Meals</td>
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<td>10</td>
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<td>12.35</td>
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</tr>
</tbody>
</table>

**Notes:**

- **Remarks:**
  - 1A-PNS 144 @ $2.25

**Design Draft July 17, 1975**

This space which will be blank is intended for the individual carrier's use.
CODES and CERTIFICATIONS
BLUE/CROSS and OTHER CLAIMS

PROVIDER'S SIGNATURE X

MEDICARE CLAIMS
Patient's Certification, Authorization to Release Information, and Payment Request. I certify that the information given by me in applying for payment under Title XVIII of the Social Security Act is correct. I authorize any holder of medical or other information about me to release the Social Security Administration or its intermediaries or carriers any information needed for this or a related Medicare claim. I request that payment of authorized benefits be made on my behalf.

SIGNATURE X (Patient or authorized representative) DATE: ________________
(Signature by mark must be witnessed)

SIGNATURE OF PROVIDER REPRESENTATIVE X

MEDICAID CERTIFICATION
This is to certify that the information on the reverse side is true, accurate, and complete. I understand that payment and satisfaction of this claim will be from Federal and State funds, and that any false claims, statements, or documents, or concealment of a material fact, may be prosecuted under applicable Federal or State laws.

PROVIDER'S SIGNATURE X

Center codes used by other carriers — that text to be determined.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
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</tbody>
</table>

NOTE: This space on the design template will be used for hospital bed and other special costs.

MEDICAID CERTIFICATION
This is to certify that the information on the reverse side is true, accurate, and complete. I understand that payment and satisfaction of this claim will be from Federal and State funds, and that any false claims, statements, or documents, or concealment of a material fact, may be prosecuted under applicable Federal or State laws.

PROVIDER'S SIGNATURE X

Codes to be used when completing this form for Medicaid payments.
**Michigan Uniform Hospital Billing Notice**

**Glenmont General Hospital**

**Patient's Name:** Crowell, Nancy

**Guarantor's Name:** Crowell Walter

**Hospital Name:** Glenmont General

**City:** Detroit

**State:** MI

**Zip:** 48206

**Patient's Last Name:** Crowell, Haney

**Sex:** Female

**Birthdate:** 06/29/75

**Guarantor's Name:** Crowell Walter

**Primary Carrier:** Name of Policyholder

**Secondary Carrier:** Name of Policyholder

**Hospital Name:** Glenmont General

**City:** Detroit

**State:** MI

**Zip:** 48206

**Patient's Physician:** W. G. Barnes

**Hospital Case No.:** 62-51971

**Street Address:** 812 S. Edgeworth

**Patient's Physician:** W. G. Barnes

**Street Address:** 812 S. Edgeworth

**Emergency Room:** 35.00

**Drugs:** 35.00

**Total:** 45.20

**Remarks:**

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CODES and CERTIFICATIONS

BLUE/CROSS and OTHER CLAIMS

**MEDICARE CLAIMS**

Patient's Certification, Authorization to Release Information, and Payment Request. I certify that the information given by me in applying for payment under Title XVIII of the Social Security Act is correct. I authorize any holder of medical or other information about me to release to the Social Security Administration or its intermediaries or carriers any information needed for this or a related Medicare claim. I request that payment of authorized benefits be made on my behalf.

<table>
<thead>
<tr>
<th>SIGNATURE X</th>
<th>DATE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Patient or authorized representative)</td>
<td>(Signature by mark must be witnessed)</td>
</tr>
</tbody>
</table>

**MEDICAID CERTIFICATION**

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| SIGNATURE OF PROVIDER REPRESENTATIVE X |

**CODING SYSTEMS**

**Diagnosis Code**

- 1 = Other
- 2 = Hospital Inpatient
- 3 = Outpatient
- 4 = Emergency Room
- 5 = Medicaid
- 6 = Medicare
- 7 = Other

**Reference Code**

- 1 = Other
- 2 = Hospital Inpatient
- 3 = Outpatient
- 4 = Emergency Room
- 5 = Medicaid
- 6 = Medicare
- 7 = Other

**Other Information**

- 1 = Not a polyclinic
- 2 = Not a polyclinic
- 3 = Polyclinic
- 4 = Other

**Procedure Code**

- 1 = Other
- 2 = Hospital Inpatient
- 3 = Outpatient
- 4 = Emergency Room
- 5 = Medicaid
- 6 = Medicare
- 7 = Other

**Diagnosis Category**

- 1 = Other
- 2 = Hospital Inpatient
- 3 = Outpatient
- 4 = Emergency Room
- 5 = Medicaid
- 6 = Medicare
- 7 = Other

**Procedure Category**

- 1 = Other
- 2 = Hospital Inpatient
- 3 = Outpatient
- 4 = Emergency Room
- 5 = Medicaid
- 6 = Medicare
- 7 = Other

**Diagnosis Code**

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<thead>
<tr>
<th>Code</th>
<th>Name</th>
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<tr>
<td>0010</td>
<td>Surgery of Shoulder</td>
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<tr>
<td>0020</td>
<td>Surgery of Elbow</td>
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</tbody>
</table>

**Procedure Code**

<table>
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<tr>
<th>Code</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>0010</td>
<td>Surgery of Shoulder</td>
</tr>
<tr>
<td>0020</td>
<td>Surgery of Elbow</td>
</tr>
</tbody>
</table>

**Box 8**

- Option A: Surgery of Shoulder
- Option B: Surgery of Elbow

**Box 9**

- Option A: Surgery of Shoulder
- Option B: Surgery of Elbow
**MICHIGAN UNIFORM HOSPITAL BILLING NOTICE**

**HOSPITAL NAME:** General Hospital

**MEDICARE MEDICAID MEDICARE OTHER:**

**MEDICAL BILLING NO.:** 230000

**HOSPITAL CASE NO.:** 122

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**PATIENT'S LAST NAME:** Adams

**FIRST NAME:** Janet

**SEX:** L

**BIRTH DATE:** 8/22/61

**RACE:** O

**MARRITAL STATUS:** O

**ADMISSION DATE:** 7/24/75

**DISCHARGE DATE:** 8/19/75

**PATIENT'S PHYSICIAN:** R. C. Blake

**GUARANTOR'S NAME:**

**PATIENT'S ID NO.:** 001697

**WEEKLY RATE:** W

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48203

**STREET ADDRESS:** 2221 Martin Road

**SEX:** M

**BIRTH DATE:** 8/22/62

**RACE:** O

**MARRITAL STATUS:** O

**ADMISSION DATE:** 8/19/75

**DISCHARGE DATE:** 9/16/75

**PATIENT'S PHYSICIAN:** R. C. Blake

**GUARANTOR'S NAME:**

**PATIENT'S ID NO.:** 001975

**WEEKLY RATE:** W

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**STREET ADDRESS:** 2221 Martin Road

**SEX:** F

**BIRTH DATE:** 8/22/63

**RACE:** O

**MARRITAL STATUS:** O

**ADMISSION DATE:** 8/19/75

**DISCHARGE DATE:** 9/16/75

**PATIENT'S PHYSICIAN:** R. C. Blake

**GUARANTOR'S NAME:**

**PATIENT'S ID NO.:** 001975

**WEEKLY RATE:** W

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**STREET ADDRESS:** 2221 Martin Road

---

**PRIMARY CARRIER**

**MEDICARE MEDICAID MEDICARE OTHER**

**MEDICAL BILLING NO.:** 230000

**HOSPITAL CASE NO.:** 122

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**STREET ADDRESS:** 2221 Martin Road

**SEX:** M

**BIRTH DATE:** 8/22/62

**RACE:** O

**MARRITAL STATUS:** O

**ADMISSION DATE:** 8/19/75

**DISCHARGE DATE:** 9/16/75

**PATIENT'S PHYSICIAN:** R. C. Blake

**GUARANTOR'S NAME:**

**PATIENT'S ID NO.:** 001975

**WEEKLY RATE:** W

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**STREET ADDRESS:** 2221 Martin Road

**SEX:** F

**BIRTH DATE:** 8/22/63

**RACE:** O

**MARRITAL STATUS:** O

**ADMISSION DATE:** 8/19/75

**DISCHARGE DATE:** 9/16/75

**PATIENT'S PHYSICIAN:** R. C. Blake

**GUARANTOR'S NAME:**

**PATIENT'S ID NO.:** 001975

**WEEKLY RATE:** W

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**STREET ADDRESS:** 2221 Martin Road

---

**SECONDARY CARRIER**

**MEDICARE MEDICAID MEDICARE OTHER**

**MEDICAL BILLING NO.:** 230000

**HOSPITAL CASE NO.:** 122

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**STREET ADDRESS:** 2221 Martin Road

**SEX:** M

**BIRTH DATE:** 8/22/62

**RACE:** O

**MARRITAL STATUS:** O

**ADMISSION DATE:** 8/19/75

**DISCHARGE DATE:** 9/16/75

**PATIENT'S PHYSICIAN:** R. C. Blake

**GUARANTOR'S NAME:**

**PATIENT'S ID NO.:** 001975

**WEEKLY RATE:** W

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**STREET ADDRESS:** 2221 Martin Road

**SEX:** F

**BIRTH DATE:** 8/22/63

**RACE:** O

**MARRITAL STATUS:** O

**ADMISSION DATE:** 8/19/75

**DISCHARGE DATE:** 9/16/75

**PATIENT'S PHYSICIAN:** R. C. Blake

**GUARANTOR'S NAME:**

**PATIENT'S ID NO.:** 001975

**WEEKLY RATE:** W

**CITY:** Detroit

**STATE:** MI

**ZIP:** 48226

**STREET ADDRESS:** 2221 Martin Road

---

**DESCRIPTION/PROCEDURE**

<table>
<thead>
<tr>
<th>CODE</th>
<th>SERVICE</th>
<th>RATE</th>
<th>UNITS</th>
<th>COVERED</th>
<th>NON-COVERED</th>
<th>AVG/SN</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td>19A</td>
<td>19B</td>
<td>25.00</td>
<td>6</td>
<td>3</td>
<td>75.00</td>
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<td>19C</td>
<td>19D</td>
<td>75.00</td>
<td>16</td>
<td>1200.00</td>
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</tbody>
</table>

*DESCRIPTION/PROCEDURE*:

1. Blood Administration: 19K
2. Pharmacy: 19L
3. Laboratory: 19M
5. EXG: 19T
6. Guest Meals: 19U

---

**REMARKS**

**TOTALS**

- **INVOICE PERIOD**: 08/03/75
- **DISCHARGE DATE**: 08/19/75
- **INVOICE PERIOD**: 08/03/75
- **DISCHARGE DATE**: 08/19/75

**TOTAL NET PT PAY AMOUNT**: $6.00

**DEDUCTIBLE**: $72.00

---

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**CODES and CERTIFICATIONS**

**BLUE/CROSS and OTHER CLAIMS**

**PROVIDER'S SIGNATURE X**

**MEDICARE CLAIMS**

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**SIGNATURE X**
(Patient or authorized representative)

**DATE:**

**SIGNATURE OF PROVIDER REPRESENTATIVE X**

**MEDICAID CERTIFICATION**

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**PROVIDER'S SIGNATURE X**

**Diagnosis Codes**

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<td>Physical Therapy</td>
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<td>Anesthesia</td>
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<td>1097</td>
<td>Dietary Room</td>
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<tr>
<td>1098</td>
<td>Operating Room</td>
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<td>1090</td>
<td>Pharmacy</td>
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<td>Biochem. Not Required</td>
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<td>Narrative Care</td>
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<td>1095</td>
<td>Nursing</td>
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<tr>
<td>1094</td>
<td>Medical</td>
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<tr>
<td>0063</td>
<td>5 of More Beds</td>
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<td>0064</td>
<td>2 or More Beds</td>
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</table>

**Provenience Codes**

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<th>Description</th>
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<tr>
<td>8002</td>
<td>Action Taken</td>
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</table>

**Other Codes**

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<th>Description</th>
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<td>Action Taken</td>
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<tr>
<td>8004</td>
<td>Action Taken</td>
</tr>
</tbody>
</table>

**Related Certifications**

### Codes to be used when completing this form for Medicaid payment.
**Michigan Uniform Hospital Billing Notice**

**Hospital Name:** City Hospital  
**City:** Detroit  
**State:** MI  
**Zip Code:** 48208

**Patient's Name:**  
**First Name:** William  
**Last Name:** Green  
**DOB:** 06/09/75  
**Sex:** M  
**Guarantor's Name:**  
**Primary Carrier:**  
**Name of Policyholder:**  
**Secondary Carrier:**  
**Name of Policyholder:**  
**Hospital Case No.:** MI697  
**Address:** 213 Main St, Detroit, MI 48213

**Procedure:** Sutured Laceration of Scalp  
**Primary Diagnosis:** Laceration of Scalp  
**Primary Surgical Procedure:** Sutured Laceration of Scalp  
**Secondary Diagnosis:**  
**Secondary Surgical Procedure:**  
**Source:** Design Draft July 17, 1975

---

### Service Details

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<th>Covered</th>
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<th>Service</th>
<th>Rate</th>
<th>Units</th>
<th>Covered</th>
<th>Non-Covered</th>
<th>AVG/SN</th>
<th>Total</th>
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</tbody>
</table>

**Total Lines:** 15J  
**Total Net:** 68.00

**Total Pts. Pay Amount:** 60.00

**Remarks:**
CODES and CERTIFICATIONS
BLUE/CROSS and OTHER CLAIMS

MEDICARE CLAIMS
Patient’s Certification, Authorization to Release Information, and Payment Request. I certify that the information given by me in applying for payment under Title XVIII of the Social Security Act is correct. I authorize any holder of medical or other information about me to release to the Social Security Administration or its intermediaries or carriers any information needed for this or a related Medicare claim. I request that payment of authorized benefits be made on my behalf.

SIGNATURE X ____________________________________________________________DATE: ______________
(Patient or authorized representative) (Signature by mark must be witnessed)

SIGNATURE OF PROVIDER REPRESENTATIVE X

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This is to certify that the information on the reverse side is true, accurate, and complete. I understand that payment and satisfaction of this claim will be from Federal and State funds, and that any false claims, statements, or documents, or concealment of a material fact, may be prosecuted under applicable Federal or State laws.

CODING TO BE USED WHEN COMPLETING THIS FORM FOR MEDICAID PAYMENT
CODES and CERTIFICATIONS
BLUE/CROSS and OTHER CLAIMS

MEDICARE CLAIMS
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SIGNATURE X
(Patient or authorized representative)

DATE:

SIGNATURE OF PROVIDER REPRESENTATIVE X

MEDICAID CERTIFICATION
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SIGNATURE X

Diagnosis Codes

H55 Laboratory
H56 Radiology
H57 Infusion Therapy
H58 Anesthesia
H59 Delivery Room
H60 Operating Room
H61 Surgery
H62 Primary
H63 Blood Bank
H64 University
H65 Urology
H66 Nursing Service
H67 Rehabilitation
H68 Support Services
H69 More than Beds 2-4 beds

Other Insurance Code

Referal Code

Medicare Status Code

Resource Code

Emergency Condition Code

Service Unit Code

Number Code Name

Box
MICHIGAN DEPARTMENT OF SOCIAL SERVICES

INVOICE PROCESSING SYSTEM

An Extract Listing of Program Numbers and Program Descriptions

and


(These Program Descriptions and Flowcharts are offered in this paper for the convenience of the reader and they are greatly abbreviated from the complete systems documentation which is available in the Bureau of Medical Assistance and also at the State Health and Welfare Data Center.)

NOTE: On or about July 1st, 1976, major changes will be made in these programs. These flows and descriptions are as of the time this paper was written.

December 1st, 1975
<table>
<thead>
<tr>
<th>PROGRAM NUMBER</th>
<th>PROGRAM DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>MD-00</td>
<td><strong>First Input Sort</strong>&lt;br&gt;• Sorts input transactions into claim reference number and line number sequence.</td>
</tr>
<tr>
<td>MD-01</td>
<td><strong>Format</strong>&lt;br&gt;• Performs field validity edits on first input file records, pended claims, and transaction file records.&lt;br&gt;• Convert multiple pending transactions into one transaction record.&lt;br&gt;• Write formatted input file records.&lt;br&gt;• Write control reports.&lt;br&gt;This program has the option allowing providers to submit claims data in the same format as the sorted first input file.</td>
</tr>
<tr>
<td>MD-05</td>
<td><strong>Balance Sort</strong>&lt;br&gt;• Sorts formatted input records into key value, claim reference number and line number sequence.</td>
</tr>
<tr>
<td>MD-10</td>
<td><strong>Input Balance</strong>&lt;br&gt;• Match adjustments with history index file and create finder records.&lt;br&gt;• Verify totals on control transactions (Claims, Gross Adj., Pended).&lt;br&gt;• Write table file transactions.&lt;br&gt;• Write balanced input transactions.&lt;br&gt;• Validate CRN of incoming transactions to insure that all microfilmed transactions have been received by data processing.&lt;br&gt;• Verify that individual invoices and claims are in balance.</td>
</tr>
<tr>
<td>MD-15</td>
<td><strong>Table Sort</strong>&lt;br&gt;• Sorts transactions via sort key indicated on multi-purpose form (MPF) - 006.</td>
</tr>
<tr>
<td>MD-20</td>
<td><strong>Table Update</strong>&lt;br&gt;• Updates Invoice processing table files and provides output file listings, upon request.&lt;br&gt;• COM (fiche) of table files upon request.</td>
</tr>
<tr>
<td>MD-25</td>
<td><strong>Recipient Sort</strong>&lt;br&gt;• Sorts balanced input records into the following sequence:&lt;br&gt;  ../Recipient I.D. Number&lt;br&gt;  ../Transaction Type&lt;br&gt;  ../Claim Reference Number&lt;br&gt;  ../Line Number</td>
</tr>
</tbody>
</table>

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Edit Module I - Recipient
- Performs recipient verification edits and updates invoice eligibility master file.
- Open routine determines which files will be on-line for the run.
- Reformats and maintains the transactions for the invoice eligibility master.
- Determine when the long term care index file is to be used, accesses the file, and extracts the necessary data.
- Performs recipient oriented edits
  - Recipient known to State
  - Recipient eligible during last 24 mos (XIX) 3 months (V)
  - Recipient eligible when service performed
  - Recipient has required authorizations
  - Medicare and/or other third party benefits utilized where applicable.
- Appends data to claims record for later editing by other modules.
- Writes edited transactions.

Provider Sort
- Sorts edited input transactions into the following sequence:
  - Provider Type
  - Provider ID #
  - Claim Reference Number (CRN)
  - Line Number

Edit Module II - Provider
- Performs provider verification edits.
- Edit claims, adjustments, voids, gross adjustments against provider master file.
- Write edited transactions to provider master file.
- Specialty determination (append codes to invoice).
- Determines stop invoice code setting.
- Adds following fields from provider master to claims records
  - Reimbursement - %
  - Reimbursement - per diem
  - County code associated with the locator code
  - Provider Type Code
  - Provider ID No. (excluding check digit)

Diagnosis Sort
- Sorts edit transactions - provider into the following sequence:
  - Primary Diagnosis code
  - Claim reference no.
  - Line number

Edit Module III - Diagnosis
- Performs diagnosis edits on invoices and adjustments
- Determine if transaction required diagnosis edit
- Validate the diagnosis against the program eligibility dates for the diagnosis
- Validates the invoice diagnosis as acceptable relative to the age range specified for the diagnosis.
Program

Number

- Examines recipient sex code in relation to sex code specified for the diagnosis.
- Compares provider type code on the invoice to allowable provider types for the diagnosis.
- Verifies that the procedure code in the claim record is applicable for the diagnosis.
- Length of stay editing (inpatient hospitals only).
- Crippling diagnosis editing (inpatient hospital, invoices/adjustments).
- Write edited transactions.

MD-31 Procedure Sort
- Sorts edit transactions - diagnosis into the following sequence:
  - Procedure Code
  - Procedure Type
  - Filler

MD-32 Edit Module IV - Procedure/Price
- Edits drugs/procedures and prices invoices for payment.
- Determines which records are to be edited.
- Validates that service was performed within limits allowed by Title V and/or Title XIX.
- Compares recipients scope of coverage to coverage stated in the procedure/drug record.
- Verifies that procedure on the invoice is acceptable relative to the age range specified for the procedure/drug.
- Examines sex code of recipient in relation to sex code specified for procedure/drug.
- Compares provider type code on the invoice to allowable provider types for procedure/drug.
- Verifies that place of service specified on the claim is compatible with place(s) allowable in the procedure record.
- Determines proposed reimbursement amount for a claim.
- Calculates co-insurance and Title XIX full payment days for long term care providers.
- Determine the amount of reimbursement for a claim:
  - Lesser of prevailing, usual & customary, or charge
  - Interim percent of charge
  - Lesser of RVS X conversion factor, or charge
  - Lesser of fee schedule or charge
  - Negotiated rate for provider type
  - Negotiated rate for specific provider
  - Lesser of fee schedule or charge, + warehousing % increment, + lesser of professional charge or negotiated rate for provider type
  - Charge
  - Lesser of charge or preauthorized amount
  - Lesser of charge I or negotiated rate 1 + lesser of charge II or negotiated rate 2
  - Negotiated rate for provider type + lesser of usual & customary, prevailing, or charge
- Pend claims requesting individual consideration for manual review.

-3-

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- Determine if charge is reasonable
- Write edited transactions

MD-33 Combination Sort
- Sorts edit transactions - procedure into the following sequence:
  - Claim Reference Number
  - Line Number

MD-34 Edit Module V - Combination
- Verifies that procedures submitted individually are in fact screens or combinations, and should be paid at a lower rate (collectively).
- Applicability routine.
- Combination edit routine.
- Determine which of the several sources of funds will be used to reimburse the provider for the services.
- Create two output files:
  - Initial Approved Claims
  - Daily Reports File

MD-35 Initial Claims Sort (Daily/Weekly)
- Sorts initial approved claims file into the following sequence:
  - Sort Key

MD-40 Print Sort (Daily/Weekly)
- Sorts daily or weekly reports data into sort key sequence.

MD-45 Print Generation
- Program prints (or spools) daily, weekly, or "on demand" reports. It also produces transactions to be pended, and a recipient verification file (optional).

MD-50 Pended Transaction Sort
- Sorts pended transactions into the following sequence:
  - Claim Reference Number
  - Line Number

MD-52 Load Pending File
- Loads the pended claims file to on-line correction disks.

MD-55 History Edit
- Checks for duplicate claims, conflicting services, program limitations (i.e., maximum refills on prescriptions)
- Accepts
  - Claims
  - Adjustments
  - Adjustment "finder" records
  - Gross adjustments
  and formats them into the appropriate records for inclusion into the utilization history file.
- Purges records from the utilization history file.
- Responsible for the detection of duplicate and possible duplicate claims.
- Verify that the new claim does not violate the frequency limitation.
- Write the following output records
  - Utilization History File
  - Weekly Reports File
  - Historical Index File
  - Final Approved Claims File
  - Long Term Care Index

MD-60
Historical Index Sort
- Sorts historical index file into the following sequence:
  - Claim Reference Number
  - Line Number

MD-65
Condense Sort
- Writes weekly paid claims file, charge center claims file, and warrant writing input files.

MD-66
Paid Claims Split
- Reformats records for:
  - Warrant Writing
  - Claims History
  - Charge Center Reporting
  - LTC Turnaround Invoices

MD-68
Warrant Sort
- Sorts warrant writing input into the following sequence:
  - Sort Key

MD-70
Warrant Writing
- Produces print-image warrants, remittance advices, warrant register, provider credit balance, and reconciliation reports. Writes updated provider master file.

MD-75
Paid Claims Merge
- Merge weekly paid claims data.

MD-80
Charge Center Sort
- Sorts charge center claims by sort key.

MD-85
Update Hospital Claims
- Maintains hospital data and upon demand, or prior to the fiscal year end, prepares a charge center report for the cost settlement process.

MD-87
Long Term Care Turnaround Sort
- Sort turnaround invoices into the following sequence:
  - Provider Type
  - Provider ID Number
  - Recipient ID Number

MD-88
Long Term Care Print Turnarounds
- Produces turnaround invoices (LTC)
**PROGRAM SUPPORT CHARACTERISTICS**

**OF THE CLIENT INFORMATION SYSTEM**

- Local Registration and Input
- Food Stamps
- Crippled Children*
- Office of Youth Services
- Medical Claims Paid*
- AID to the Blind
- AID to the Aged
- Medical Aid to Disabled*
- General Assistance
- FEDERAL REPORTING
- EFFICIENT HANDLING OF LARGE VOLUMES OF DATA ABOUT PEOPLE AND PROGRAMS
- ADC

Central Case Registration, Files, Records and Disbursements at State Level

*NOTE: Client Information is Provided to Support the Invoice Processing System*
The Medical Management Information System (MMIS) consists of the following subsystems:

1. **RECIPIENT ELIGIBILITY PROCESSING**: (Client Information System CIS) The process by which recipient eligibility is determined, changed, terminated, corrected, and recorded on files of eligible recipients.

2. **PROVIDER ENROLLMENT PROCESSING**: The process by which provider enrollment is determined, changed, terminated, corrected, and recorded on files of enrolled providers.

3. **INVOICE PROCESSING**: The process by which provider invoices are received, edited, corrected, recorded and paid: the basis for reimbursement is determined and the fiscal agents are reimbursed.

4. **PERFORMANCE, SURVEILLANCE, AND UTILIZATION REVIEW REPORTING**: The process by which management information, provider profile and recipient profile data are accumulated reported and used.

5. **GOVERNMENTAL REPORTING**: The process by which federal reporting data are collected and reported.

6. **COST SETTLEMENT**: The process by which cost settlement functions are conducted.

7. **MEDICARE PREMIUM PROCESSING**: The process by which the Medicare (Title XVIII) premium is determined, recorded and paid.

8. **PROGRAM INQUIRY AND ADVISORY SERVICES**: The process by which providers and recipients are trained, educated and informed about Medicaid policies and decisions.

9. **MANAGEMENT ADMINISTRATIVE REPORTING (MARS)**: The process by which fiscal, operations performance, provider and recipient participation and drug usage information is provided to management.

10. **EARLY, PERIODIC SCREENING, DIAGNOSIS AND TREATMENT (EPSDT)**: The process by which medically indigent children are medically screened and referred for follow-up treatment.

11. **CRIPPLED CHILDREN REPORTING**: In cooperation with the Department of Public Health the children clients of this program are included in the information and tracking capability of the Client Information System and the recipient eligibility processing stream listed above.