



# How EDI Works and Helps Care Providers

Electronic Data Interchange (EDI) is the automated transfer of data between a care provider and a payer. Using EDI allows both payers and care providers to send and receive information faster and often at a lower cost. This overview explains EDI, provides the types of electronic transactions used, a sample scenario of how EDI works, the benefits of EDI and cost savings for care providers and payers.

## How It Works

EDI transactions happen behind the scenes. Often, care providers use a clearinghouse to exchange information between their practice and payers, such as transactions for verifying eligibility and benefits or checking the status of a claim. These electronic transactions are standard in the health care industry and not specific to UnitedHealthcare.

### Types of EDI transactions

- **270/271: Eligibility and Benefit Inquiry and Response**
- **276/277: Claim Status Inquiry and Response**
- **278: Authorization and Referral Request**
- **278I: Prior Authorization and Notification Inquiry**
- **278N: Hospital Admission Notification**
- **835: Electronic Remittance Advice (ERA)**
- **837D: Dental Claim**
- **837I: Institutional Claim**
- **837P: Professional Claim or Vision Claim**

## Steps of an EDI Transaction

1. EDI transactions start with an inquiry from the provider and conclude with a response from the payer.
2. The inquiry is submitted by supplying certain required data fields such as member ID number, date of birth and Payer ID.
3. This inquiry can go directly to the payer but it often goes through a clearinghouse that is contracted by the care provider.
4. The clearinghouse facilitates the inquiry to the respective payers.
5. Once the payer receives the inquiry, they send the response back to the clearinghouse.
6. The clearinghouse then sends that data directly to the care provider's practice management system.
7. If there's an error in the data, the provider will correct it and resubmit it to the clearinghouse for a response.

EDI transactions can be completed for one patient or many patients.

## Sample Scenario of How EDI Works

A medical group is scheduled to see 100 patients from various payers on Tuesday. They want to verify coverage for each patient and know how much to collect from them before the patients' appointments. Using the 270 transaction for the inquiry for eligibility and benefit information, the payer returns the 271 transaction as the response. For this example, here's what would happen:

1. The provider's practice management system compiles the required information for the patients who have appointments on Tuesday.
2. The 270 inquiry transaction goes to the clearinghouse which sends the 270 transaction to each payer.
3. The payer returns a 271 response transaction with confirmation of coverage/eligibility, copayment, coinsurance and deductible information and other benefit details.
4. The 271 transaction is returned to the clearinghouse for formatting and transmitted into the care provider's practice management system.
5. On Tuesday morning, the care provider staff sees confirmation of coverage and the cost sharing amounts on their computers before the patient arrives.
6. If there were errors with any 270 transaction requests, the information can be corrected in the care provider's practice management system and resubmitted for an immediate response.
7. If the care provider needs more information than the EDI transaction provides, they should use the Link self service tools to get the additional information. Learn more about Link at [UHCprovider.com/Link](http://UHCprovider.com/Link).

## EDI Benefits

Using EDI to exchange information with UnitedHealthcare and other payers may benefit care providers as well as their billing services. Advantages of EDI include:

### Sending and receiving information faster

Turnaround times are typically quicker than using manual processes. For example, a payer can receive a claim the same day the provider sends it. And an eligibility inquiry can be received and responded to in seconds.

### Identifying submission errors immediately and avoiding claim processing delays

Electronic claims are automatically checked for HIPAA and payer-specific requirements at the vendor, clearinghouse and payer levels. This process decreases the reasons a claim may be rejected by the payer. This same level of automated data verification can't be performed on paper claims.

### Lower account receivables

Electronic transactions, such as the eligibility transaction, provides the patient's current coinsurance, deductible and benefit information when they are in for an appointment and before the claim is submitted to the payer for processing. This allows the provider to collect a copayment at the time of service.

### Reduce administrative expenses

Cut down on purchases of paper, forms, supplies and postage. Also save time faxing, printing, sorting and stuffing envelopes.

### Spend less time on the phone

Reduce the number of calls your staff needs to make to UnitedHealthcare for transactions and information you can get through EDI or the Link self-service tools. The information given by our call agents comes from the same system as the EDI transactions and the Link apps.

### Exchange information with multiple payers

EDI lets you complete transactions for multiple payers at one time. Transactions can be set up to automatically generate in a practice's daily workflow. For example, a practice management system could perform a claim status inquiry at the same time it sends eligibility inquiries to verify a member's benefit coverage and copayment.

## Cost Savings

- The CAQH Index\* shows the average cost for manual transactions is consistently higher than the cost of electronic transactions for care providers and health plans.
- On average, manual transactions cost health plans \$2 and care providers \$4 more than electronic transactions.\*\*

The table below shows average cost per transaction and savings opportunity for commercial health plans and care providers for manual and electronic transactions from the CAQH Index.

Transaction	Method	Health Plan Cost	Provider Cost	Industry Cost	Health Plan Savings Opportunity	Provider Savings Opportunity	Industry Savings Opportunity
Claim Submission/ Receipt	Manual	\$0.62	\$2.02	\$2.64	\$0.52	\$1.43	\$1.95
	Electric	\$0.09	\$0.59	\$0.68			
Eligibility and Benefit Verification	Manual	\$4.36	\$4.02	\$8.39	\$4.29	\$3.60	\$7.89
	Electric	\$0.07	\$0.42	\$0.49			
Prior Authorization	Manual	\$3.86	\$7.50	\$11.18	\$3.64	\$5.61	\$9.25
	Electric	\$0.04	\$1.89	\$1.93			
Claim Status Inquiry	Manual	\$4.39	\$5.40	\$9.79	\$4.35	\$3.59	\$7.94
	Electric	\$0.04	\$1.81	\$1.85			
Claim Payment	Manual	\$0.57	\$2.89	\$3.46	\$0.48	\$2.20	\$2.68
	Electric	\$0.09	\$0.69	\$0.78			
Claim Remittance Advice	Manual	\$0.50	\$5.69	\$6.19	\$0.45	\$4.74	\$5.19
	Electric	\$0.05	\$0.95	\$1.00			
Claim Attachments	Manual	\$1.74	\$5.25	\$6.99	\$1.64	\$4.08	\$5.72
	Electric	\$0.10	\$1.17	\$1.27			

The CAQH Index was created as an industry-wide resource for tracking the transition from a paper- and phone-based system to an electronically-enabled system. To see the complete CAQH Index, please visit [CAQH.org](http://CAQH.org). Learn how the [Savings Calculator](#) can help your practice.

## EDI Resources

To learn more, go to [UHCprovider.com/edi](http://UHCprovider.com/edi) for more information about EDI transactions.

\*CAQH is a nonprofit alliance of health plans and related associations working together to achieve the shared goal of streamlining the business of health care.

\*\* Source: CAQH Index

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