Section C
Implementing EDI – A Managers' Guide

1. **Get to know the basic requirements.**

   Starting up a new EDI system can be a complex endeavor. Make sure you understand all that is required *before* investing resources. Otherwise, you may end up with a collection of piecemeal fixes rather than a comprehensive solution.

   This guide has much of the information needed to implement EDI in New Hampshire. As more information becomes available it will be posted on our Web site at: http://www.labor.state.nh.us/edi_site_map.asp

2. **Assign responsibilities for implementing EDI.**

   Some organizations put an Information Systems (IS) manager in charge, while others designate a claims manager. Implementing EDI will affect your information system, flow of claims information and your business process. The most effective approach may be to have Claims and Information Systems departments collaborate on the project.

   Regardless of who is assigned primary responsibility, make sure that both Claims and IS departments maintain continual oversight as your solution is designed and implemented.

3. **Decide whether to contract with an EDI service provider.**

   Formatting electronic records and transmitting them by EDI generally requires some specialized automated routines. Programming a complete EDI system also requires in-depth knowledge of EDI standards and protocols.

   Some organizations choose to develop these routines in-house, especially if they have an IS department that is familiar with EDI and is efficient in bringing new technology online.

   Other organizations choose to contract with vendors for dedicated EDI software or services. Typically, an EDI vendor's products interface with your organization's data to produce EDI transactions in the required formats. The benefit is that no one in your organization has to learn all the intricacies of EDI. The service provider takes care of file formats, record layouts, and many other details that may seem foreign to your organization. Some EDI vendors can also provide full-service consulting, helping you update your entire data management process for electronic commerce.

4. **Organizations that will not use an EDI service provider, the file format and transmission mode for your data must be supported by NHDOL.**

   Contracting with an EDI service provider would relieve your organization of the detailed mechanics of EDI, such as file formats and transmission modes. If you decide to develop your own system, you will have some important development work.

   NHDOL EDI requirements are that your data will be packaged as "flat files" NOT as "ANSI X12 files." More information on flat files is provided in Section H–File Formats and Supported Transactions. All trading partners should be working on developing IAIABC Release 3 Flat File to work with New Hampshire's Workers' Compensation Division.

   Information about file formats can be found in the *IAIABC EDI Implementation Guide,* at www.iaiabc.org. This guide is essential if you will be programming your own EDI system.

You will also need to choose a transmission mode that NHDOL supports: 1) commercial Value Added Networks or data integrators, 2) File Transfer Protocol. See Section I– Transmission Modes for further information.

5.   Make sure your computer systems contain all the required data.

You'll have a hard time submitting data by EDI if the data are not readily accessible on your systems. Give your Information Systems department a copy of Section K–Required Data Elements.

If all are available and readily accessible, then you are in great shape. If not, the Claims and IS departments will need to develop and implement a plan for capturing, storing, and accessing the necessary data.

6.   Determine who will handle error messages sent by NHDOL.

Your organization will receive "error messages" from NHDOL if you transmit data that cannot be interpreted or do not meet the regulatory requirements to provide complete, valid and accurate data.

Some glitches are inevitable. You'll need a system for forwarding any error messages to people who can respond as necessary.

Establish a procedure for responding to error messages before you begin transmitting data by EDI. Otherwise, your organization may find itself unprepared for the inevitable.

Typically, errors related to technical problems may be aggravating when a system is new, but they quickly become rare. Error messages related to data quality and completeness are harder to correct, and you can expect them to present an ongoing workload that must be managed.

7.   Decide whether your organization could benefit by adding data edits.

Data you transmit to the NHDOL will be subjected to edit rules to assure that the data are valid and consistent with data previously reported for a particular claim. For example, one edit rule would reject an injury date of February 31. Another rule would reject a benefit notice if a First Report had not been previously filed. These edit rules are detailed in Section K– Required Data Elements, Section L–New Hampshire-Specific Data Edits, and Section M–System Specifications. Data that violate these edit rules will cause transmissions to be rejected or will be returned with error messages.

Correcting erroneous data often requires going to the original source, perhaps the applicant or the policyholder. In some organizations, the data passes through many hands before it is transmitted to NHDOL. For example, the injury type and cause may be initially reported by the applicant, then go through the employer, a claims reporting center, a data entry clerk, a claims adjuster, and an Information Systems department. Any error messages would typically be passed through the same hands in the opposite direction.

An alternative is to install in your system, as close as possible to the original source of data, data edits that match the NHDOL edit rules. As an example, consider a claims reporting center in which claims data are entered directly into a computer system, and the system has data edits in place. Most data errors could be caught and corrected while the

employer was still on the phone. This eliminates the expense of passing bad data from hand to hand and back again.

8. **Install any software and communications services you will need.**

   Once your system is planned, you will need to purchase and/or develop any software and services for your system

   Most systems will need at least the following:

   ♦ software (or other means) to identify events that trigger required reports,

   ♦ software (or other means) to gather required data elements from your databases,

   ♦ software (or other means) to format the data into an approved IAIABC Release 3 Flat File, EDI file format,

   ♦ A File Transfer Protocol (FTP) client to send EDI files to our State FTP Servers.

   ♦ An FTP client to receive acknowledgements and error messages from NHDOL, and to send EDI files to NHDOL.

   Some organizations, especially those that handle few New Hampshire claims, may wish to contract for EDI services rather than handle EDI in-house. EDI service providers offer all the services listed above.

9. **Test your system internally.**

   Not every system works perfectly the first time. Make sure your system gets thoroughly tested before you begin reporting data to NHDOL. Catching any bugs internally will spare you the blizzard of error messages that a faulty system can cause.

   Include in your internal tests some complex test cases as well as simple ones. For example, challenge your system with claims that feature multiple episodes of disability and partial return to work. Fix any identified problems before you try transmitting EDI data to NHDOL.

10. **Move through the Test, stages to reach the Production stage of EDI transmission.**

    Complete an EDI Trading Partner Profile--see Section F–Trading Partner Profile and the Sender's Transmission Profile. The Profile is used to prepare NHDOL for your data transmission: what file format to expect; where to send your acknowledgements; when you plan to transmit reports; and similar information. A Trading Partner User account and Password will be set up once the profiles are completed and on file at NHDOL.

    Once you have completed successful testing and verified that your transmissions match our technical specifications, NHDOL will advise you with a determination that you have demonstrated capability to transmit complete, valid, and accurate data. You will then be authorized to move into the Production stage, routinely transmitting your data via EDI. (DN104 to "P")

11. Evaluate the efficiency of your EDI system and consider future refinements.

Many organizations find that implementing EDI brings unexpected benefits. For example, EDI may provide an opportunity to address long-standing data quality problems.

Arrange a review session after your system has been running for a few months. Users will be able to suggest opportunities for future refinements. Managers from departments not directly affected may also be interested in participating because EDI may eventually affect many business processes in other departments.

Please let us know if you have any comments on this Manager's Guide.

We can't anticipate every challenge you may face in implementing EDI data reporting. Please e-mail any comments or suggestions you may have to EDI@labor.state.nh.us