CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1351	Date: February 21, 2014
	Change Request 8619

SUBJECT: Implementation of HIPAA Standards and Operating Rules for Health Care Electronic Funds Transfers

I. SUMMARY OF CHANGES: Section 1104 of the Affordable Care Act mandates the adoption of a standard for the Health Care Electronic Funds Transfers (EFT) HIPAA transaction and operating rules for the Health Care Electronic Funds Transfers (EFT) and Remittance Advice Transaction.

The purpose of this CR is to assure Medicare is in compliance with HIPAA administrative simplification requirements.

EFFECTIVE DATE: July 1, 2014
IMPLEMENTATION DATE: July 7, 2014

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Unless otherwise specified, the effective date is the date of service.

Attachment - One-Time Notification

Pub. 100-20	Transmittal: 1351	Date: February 21, 2014	Change Request: 8619

SUBJECT: Implementation of HIPAA Standards and Operating Rules for Health Care Electronic Funds Transfers

EFFECTIVE DATE: July 1, 2014
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I.   GENERAL INFORMATION

A.   Background: The regulation adopting the HIPAA Health Care EFT standards can be found at: https://www.federalregister.gov/articles/2012/01/10/2012-132/administrative-simplification-adoption-of-standards-for-health-care-electronic-funds-transfers-efts

The regulation adopting the EFT and ERA Operating Rules can be found at: https://www.federalregister.gov/articles/2012/08/10/2012-19557/administrative-simplification-adoption-of-operating-rules-for-health-care-electronic-funds-transfers#h-4

B.   Policy: Required use of standards and operating rules adopted by reference in 45 CFR 162.1602 and 45 CFR 1603.

II.   BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
8619.1	Contractors shall use the following standards: 1. The National Automated Clearing House Association (NACHA) Corporate Credit or Deposit Entry with Addenda Record (CCD+) implementation specifications as contained in the 2011 NACHA Operating Rules & Guidelines, A Complete Guide to the Rules Governing the ACH Network as follows (incorporated by reference in §162.920)— • NACHA Operating Rules, Appendix One: ACH File Exchange Specifications; and • (B) NACHA Operating Rules, Appendix Three: ACH Record Format Specifications, Subpart 3.1.8 Sequence of Records for CCD Entries.	X	X	X	X		X	X		EDCs, EDS

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	See attachment 1 for a summary of this standard. 2. For the CCD Addenda Record ("7"), field 3, of the standard identified in 1602(d)(1)(i), the Accredited Standards Committee (ASC) X12 Standards for Electronic Data Interchange Technical Report Type 3, "Health Care Claim Payment/Advice (835), April 2006: Section 2.4: 835 Segment Detail: "TRN Reassociation Trace Number," Washington Publishing Company, 005010X221 (Incorporated by reference in §162.920).										
8619.2	Contractors shall implement operating rules applicable to the health care electronic funds transfers adopted by reference in 45 CFR 162.1603: Phase III CORE 370 EFT & ERA Reassociation (CCD+/835) Rule, version 3.0.0, June 2012; in Phase III CORE EFT & ERA Operating Rule Set, Approved June 2012. EFT & ERA Operating Rule Set can be found at http://www.caqh.org/Host/CORE/EFT-ERA/EFTERA_CompleteRuleSet.pdf	X	X	X	X		X	X		EDCs, EDS
8619.3	Shared System Maintainers shall format the Batch Header Record (Record Type Code of "5") and the CCD addenda record (Record Type Code of "7" and an Addenda Type code of "05") and include the ASC X12 835 TRN (Reassociation Trace Number) data segment that is included on the electronic remittance advice for a claim payment in Field 3 Payment Related Information in the associated EFT file and transaction for the payment in the CCD addenda record as follows:	X	X	X	X		X	X		EDCs, EDS
8619.3.1	1. The first data element within Field 3 is the value of the segment identifier on the ASC X12 835 TRN segment and shall be populated with the value of "TRN." 2. The second data element (TRN01) is the "Trace Type Code" and shall be populated with the value of "1." 3. The third data element (TRN02) is the "Reassociation Information" and shall be populated with the "EFT Trace Number" on the ASC X12 835 TRN segment of the ERA	X	X	X	X		X	X		EDCs, EDS

Number	Requirement	Responsibility								Other
		A/B MAC			D M E MAC	Shared-System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
	associated with the payment. 4. The fourth data element (TRN03) is the "Origination Company ID" and shall be populated with the value of "1" followed by the originator's nine digit Tax Identification Number (TIN). 5. The fifth data element (TRN04) is optional and is populated with any additional information available that can help the receiver identify the claim for which the payment is being made. 6. Data elements shall be separated with an asterisk "*". 7. The Payment Related data field shall be terminated with a tilde "~".									
8619.3.2	1. The CCD addenda record shall contain a Record Type Code of "7" and an Addenda Type code of "05". 2. Fields 4 and 5 of the addenda record shall contain the Addenda Sequence Number and Entry Detail Sequence Number for the record. 3. The value for the Company Name field on the Batch Header record shall be a readily-recognizable name for the name of the health plan or third party adminstrator paying the claim.	X	X	X	X		X	X		EDCs, EDS
8619.3.3	1. Trailing spaces shall be eliminated from any fields such as the Reassocation Information field within the TRN information field (i.e., Filed 3) of the addenda record. 2. The TRN information field shall be space-filled between the position of the segment terminator (i.e., "~") and the 80th position of the TRN information field on the addenda record.	X	X	X	X		X	X		EDCs, EDS
8619.4	Medicare Administrative Contractors (MACs) shall develop non-base programming solutions only as necessary to support the implementation of this CR.	X	X	X						
8619.5	Shared system maintainer shall remove all debit transactions from the EFT transaction file.							X		

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
8619.6	Contractors shall transmit the EFT files generated by VMS to the BDC.									BDC, EDCs

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
8619.7	MLN Article : A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X	X	X

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
8619.5	Recommend provider education include specifications of delimiters and terminators used in TRN Segment of EFT, as some providers may have to implement changes in practice management systems in order to automate reassociation of EFT with ERA (X12 835).

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Matthew Albright, 410-786-2546 or matthew.albright@cms.hhs.gov , John Evangelist, 410-786-2885 or john.evangelist@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
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Attachment: 1

<u>**Attachment 1**</u>

<u>**Healthcare EFT Standard Format**</u>

A new NACHA standard for electronic healthcare claim payments went into effect on September 20, 2013, impacting all originators and receivers of electronic funds transfers (EFT) used to pay healthcare claims. This Healthcare EFT standard stems from the Affordable Care Act, which requires that healthcare payers must pay healthcare claim payments electronically using HIPAA standards if requested by the healthcare provider.

The standard designated for these claim payments is the Healthcare EFT Standard, which is a NACHA CCD+ transaction that includes the ASC X12 835 TRN data segment in the addenda record. The Healthcare EFT Standard requires the following:
• Company Entry Description of "HCCLAIMPMT" to identify the payment as healthcare
• Company Name should be the health plan or third party administrator paying the claim
• An addenda record must be included with a Record Type Code of "7" and an Addenda Type Code equal to "05"
• Payment Related Information in the addenda record must contain the ASC X12 835 TRN (Re-association Trace Number) data segment that is included on the electronic remittance advice

Healthcare providers will utilize the data within the addenda record to match the payment to the electronic remittance advice, which is sent to the provider separate from the payment. As a result, specific addenda formatting requirements must be followed for healthcare EFT payments. The TRN data segment must contain the following data elements, separated by an asterisk "*".

Example:

TRN*1*12345*1512345678*9999999~

TRN, TRN01, TRN02, TRN03,   TRN04, Segment Teminator

   * data element separator

Element	Element Name	Mandatory or Optional	Data Content
TRN	Reassociation Trace Number	M	ASC X12 835 segment identifier. This is always "TRN".
TRN01	Trace Type Code	M	Trace Type Code is always a "1".
TRN02	Reassociation Information	M	This data element must contain the EFT trace number.
TRN03	Origination Company ID	M	A unique identifier designating the company initiating the funds transfer. This must be a "1" followed by the payer's Tax Identification Number (TIN).

Element	Element Name	Mandatory or Optional	Data Content
TRN04	Reference Identification	O	This data element is required when information beyond the Originating Company Identifier in TRN03 is necessary for the payee to identify the source of the payment.
Segment Terminator	Segment Terminator	M	The TRN data segment in the addenda record must end with either a tilde "~" or a backslash "\".

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