

Administrative Simplification Operating Rules

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Administrative Simplification Tools

- » Standards (updates for format and data content)
- » Code sets (standardize and codify language used)
- » Operating Rules (standardize connectivity, response time, and availability requirements)

Why Do We Need Operating Rules?

- » It's all about the Providers:
 - Operating rules are designed to reduce administrative burden
 - Operating rules have very few requirements for providers, many benefits

Scope of Operating Rules

- » **Data content requirements:** More robust eligibility response, standardized CARC and RARC code combinations ERA
- » **Connectivity:** Requires “safe harbor” connection via public Internet (HTTP/S)
- » **Companion Guides and Enrollment forms:** Standardized template
- » **Response time:** 20 seconds or less (real time) for eligibility and claim status
- » **Maintenance of rules:** Code Combinations in ERA
- » Operating rules around **acknowledgements NOT** adopted

Key Dates for Operating Rules

- » January 1, 2013 Compliance Date
 - Eligibility for a Health Plan (request and response)
 - Health Claim Status (request and response)
- » January 1, 2014 Compliance Date
 - Health care electronic funds transfers (EFT) and remittance advice (ERA) operating rules and EFT Standards (payment and payment info)

Eligibility & Claim Status Operating Rule Set

- » Operating rules for patient eligibility and health claim status transactions
- » Key considerations for providers
 - Easily accessible claims and eligibility information
 - Secure data transmission
 - Less time spent verifying information over the phone



EFT & ERA Operating Rule Set

Electronic Funds Transfer (EFT) is the transmission a health plan sends to its bank to pay provider claims electronically (through an electronic funds transfer).

Electronic Remittance Advice (ERA) is a description of payment that health plans send to providers.

EFT and ERA Operating Rules are rules enabling providers to quickly and efficiently enroll and use EFT and ERA.

Milestone:
January 1, 2014

Health Care EFT and ERA

Highlight:
1st Quarter 2014

EFT Payment Considerations

- » EFT Standard (financial standard: CCD+) is an Automated Clearing House (ACH) payment network standard
- » In EFT rules, entities have a choice: ACH or other payment network
- » Health plans must transmit payments through ACH network if requested by the provider

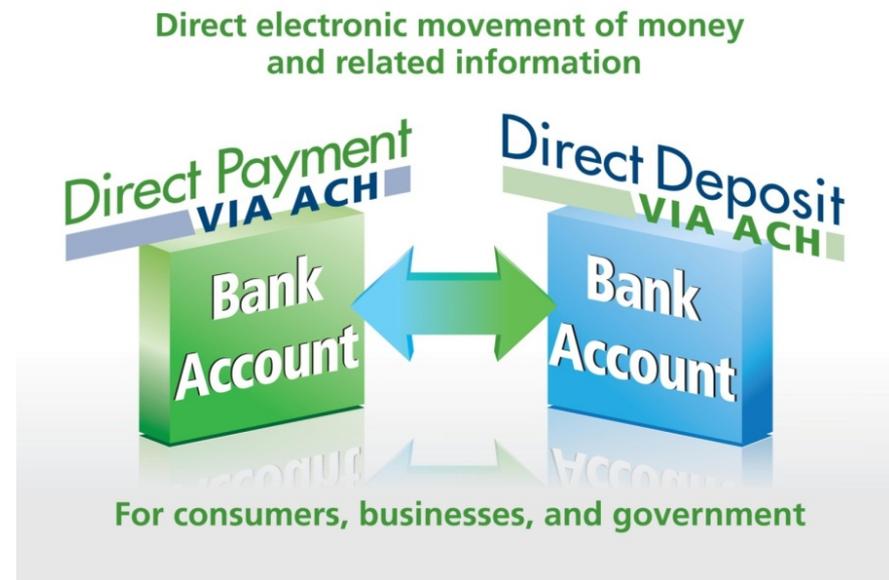
What You Need to Know about Administrative Simplification - Healthcare EFT Standard

Discussion Topics

- Healthcare EFT Standard
- Benefits to Providers
- Perceived Barriers and how to remove them
- Virtual Card for Claims Reimbursements – what does it cost your organization and what are you paying for?
- EFT Payment Options – Understanding your rights to choose under HIPAA

Brief Introduction to NACHA and the ACH Network

- NACHA is the private sector rule-making organization that administers the ACH Network.
- The ACH Network:
 - Facilitates global commerce by serving as a safe, efficient, ubiquitous and high-quality electronic payment system; it is best known for Direct Deposit and Direct Payment
 - Is accessible via more than 13,000 U.S. financial institutions
 - More than 21 billion ACH payments in 2012, moving \$36.9 trillion in value
 - Provides funds transfer and settlement of credit and debit card transactions
- Develops, maintains, and enforces the *NACHA Operating Rules*
- NACHA is the standards organization for the healthcare EFT standard



Healthcare EFT CCD+ Volumes**

	Jan-14	Feb-14	Mar-14	Y-T-D Totals
Total Number of Forward CCD Entries	8,154,530	7,952,355	9,268,614	25,375,499
Total \$ Value of Forward CCD Entries	\$ 45,132,009,341	\$45,233,612,700	\$55,599,715,514	\$ 145,965,337,555

** Volumes do not include Medicare volumes. Medicare will update their system in July 2014 to add the HCCLAIMPMT to the ACH record

1st Quarter 2014

Average dollar value - \$5,330

% of Transactions with addenda records – 99.91%

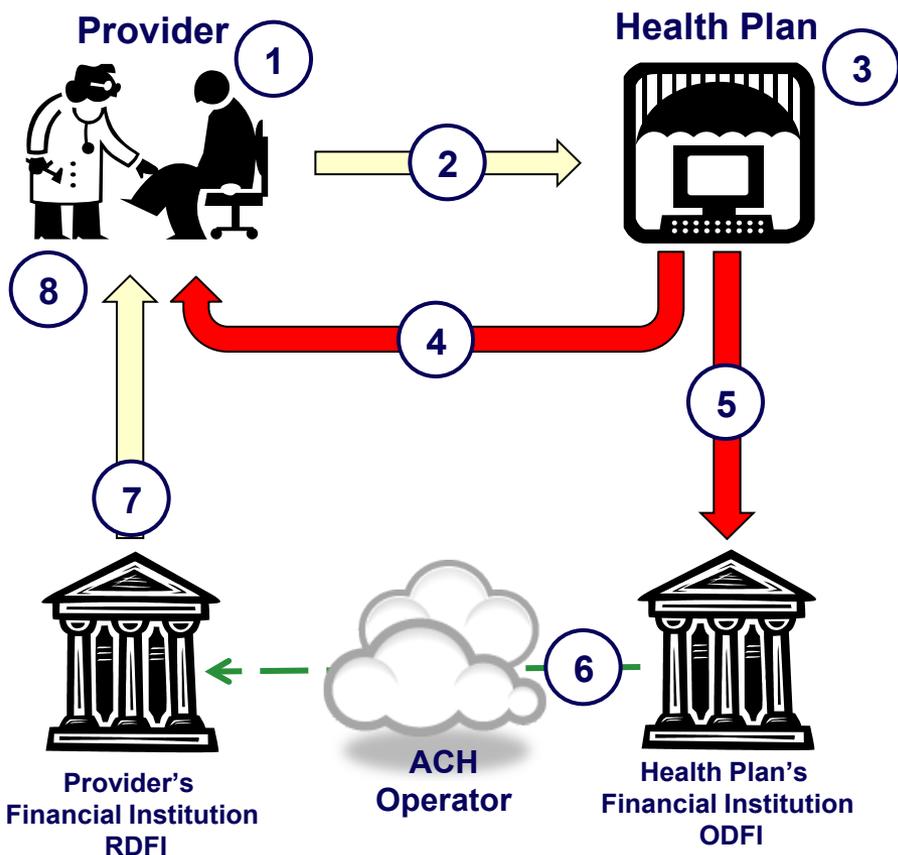
32% increase in volume over 4th Q 2013

Drop in number of transactions in Feb 2014 attributed to fewer processing days in month

Healthcare EFT Standard

- 45 CFR 162.1602 identifies the healthcare EFT standard as the NACHA CCD+Addenda (effective Jan 1, 2014)
 - Addenda must be populated with the TRN Reassociation Trace Number as defined in the ASC X12 835 version 5010 TR3 Report (Implementation Guide)
 - The TRN data segment is carried in the healthcare EFT standard and the Electronic Remittance Advice (ERA) 835 and used to reassociate the payment with the ERA
 - All health plans must be able to deliver the healthcare EFT standard for claims reimbursement payments if it is requested by the provider
 - Allows for payments processed through other electronic payment methods including cards and wire transfer BUT they are not the healthcare EFT standard

Healthcare Payment Chain



1. Patient encounter with **Provider**
2. Provider submits Claim (837) to **Health Plan**
3. Health Plan adjudicates Claim
4. *Health Plan sends Electronic Remittance Advice (ERA) (835) to **Provider**; the ERA contains TRN Reassociation Trace Number.
5. *Health Plan sends CCD+ to **ODFI** for claim reimbursement, including a matching TRN Reassociation Trace Number
6. ODFI Sends ACH CCD+ Addenda through ACH Network to **RDFI**
7. RDFI receives CCD+ for **Provider**, deposits credit to **Provider** account **and delivers the TRN Reassociation Trace Number to Provider if requested by Provider**
8. **Provider** reconciles the payment and ERA by matching the TRN segment from both transactions

CAQH CORE EFT & ERA Operating Rules

- CORE EFT & ERA Reassociation Rule 370 requires that health plans must proactively inform providers during the EFT & ERA enrollment that the provider must contact their financial institution to request the delivery of the TRN Reassociation Trace Number.
- Providers must contact their financial institutions to discuss delivery methods, timing of delivery and potential pricing
- Most financial institutions do not automatically deliver the reassociation trace number – it must be requested

Financial Institutions Healthcare Responsibilities

- Speaking a different language
 - Providers must contact their financial institutions and request the delivery of the ACH Payment Related Information or the ACH Remittance Data
 - DO NOT ask your financial institution for just the “Trace Number” there is an ACH trace number that is not the same as the TRN Reassociation Trace Number
- *NACHA Operating Rules* require that all financial institutions deliver the ACH Payment Related Information if it is requested by the Receiver/Provider
- Effective September 2013 – all financial institutions must have one secure electronic deliver method available – the provider may choose other options for deliver of the information but the FI must have a secure electronic option available

Physician Practice – Before Automation

- Manual Administrative Processes
 - Remittances
 - Manual posting
 - Manual reconciliation with payment
- Operational Results
 - Delays in cash flow with slow processes
 - Higher risk of errors with manual processes
- Driver of Change
 - Looking to administrative efficiency to thrive as an independent practice

Healthcare EFT Standard - Benefits to Providers

- Receive health plan payments weeks faster to bill and collect remaining patient payment responsibility (i.e., deductibles) sooner
- Easy claims payment reconciliation with the EFT trace number included in the ERA
- Reducing administrative work and days in accounts receivable
- Large hospital organization reduced their account receivable processing costs by 70% moving from paper checks to EFT via ACH and ERA

Perceived Barriers to EFT via ACH

- Time spent in EFT enrollment with each health plan
 - Prioritize payers and enroll with most active health plans first. Generally 20% of the plans will deliver 80% of the value. Start with them and then have staff enroll with a limited number of other health plans each week as time allows
 - Work with a healthcare clearinghouse to enroll with the health plans that they support
 - Utilize the CAQH EFT Enrollment Utility – free to providers, makes provider EFT enrollment information available to health plans selected by the provider

Perceived Barriers to EFT via ACH

- Overpayment Recovery – concerns of unauthorized debits
 - Overpayment recovery is a process, not an event
 - Initial notification
 - Recovery options
 - Provider check
 - Recoupment from a future RA
 - Financial reconciliation
 - » Accounts receivable versus accounts payable

Perceived Barriers to EFT via ACH

- Unauthorized debits to accounts
 - *NACHA Operating Rules* detail handling of unauthorized debits for consumer and commercial accounts and the return of funds to account holder
- Treasury Management Services – Prevent processing of unauthorized ACH debit transactions
 - Debit blocks – prevent any ACH debit to the account
 - Debit filter – allow preauthorized ACH debits to the account, return all other ACH debit transactions
 - ACH Positive Pay – financial institution sends a file of ACH debits to provider and provider must approve any ACH debit to be processed

Perceived Barriers to EFT via ACH

- Giving banking account information to health plans
 - Account Masking – Universal Provider Identification Code (UPIC) is a unique account identifier issued by financial institutions that allows organizations to receive electronic payments without divulging confidential banking information. Restricted to ACH credit transactions only.

Virtual Card

- Health plans fax, email or mail the payment information to the Provider or their Lockbox facility
- Provider will manually process the claims payment through their POS terminal
- Provider is charged standard interchange fee for commercial purchasing card not present (average 3%) plus a transaction fee

QUESTIONS?
 888.555.1234
 www.PayerABC.com

PROVIDER NAME

PROVIDER TIN #

Virtual Card Payment
 This MasterCard payment has been pre-approved and funded for the exact amount of this transaction, and funds will be deposited into your account as with any other MasterCard transaction.

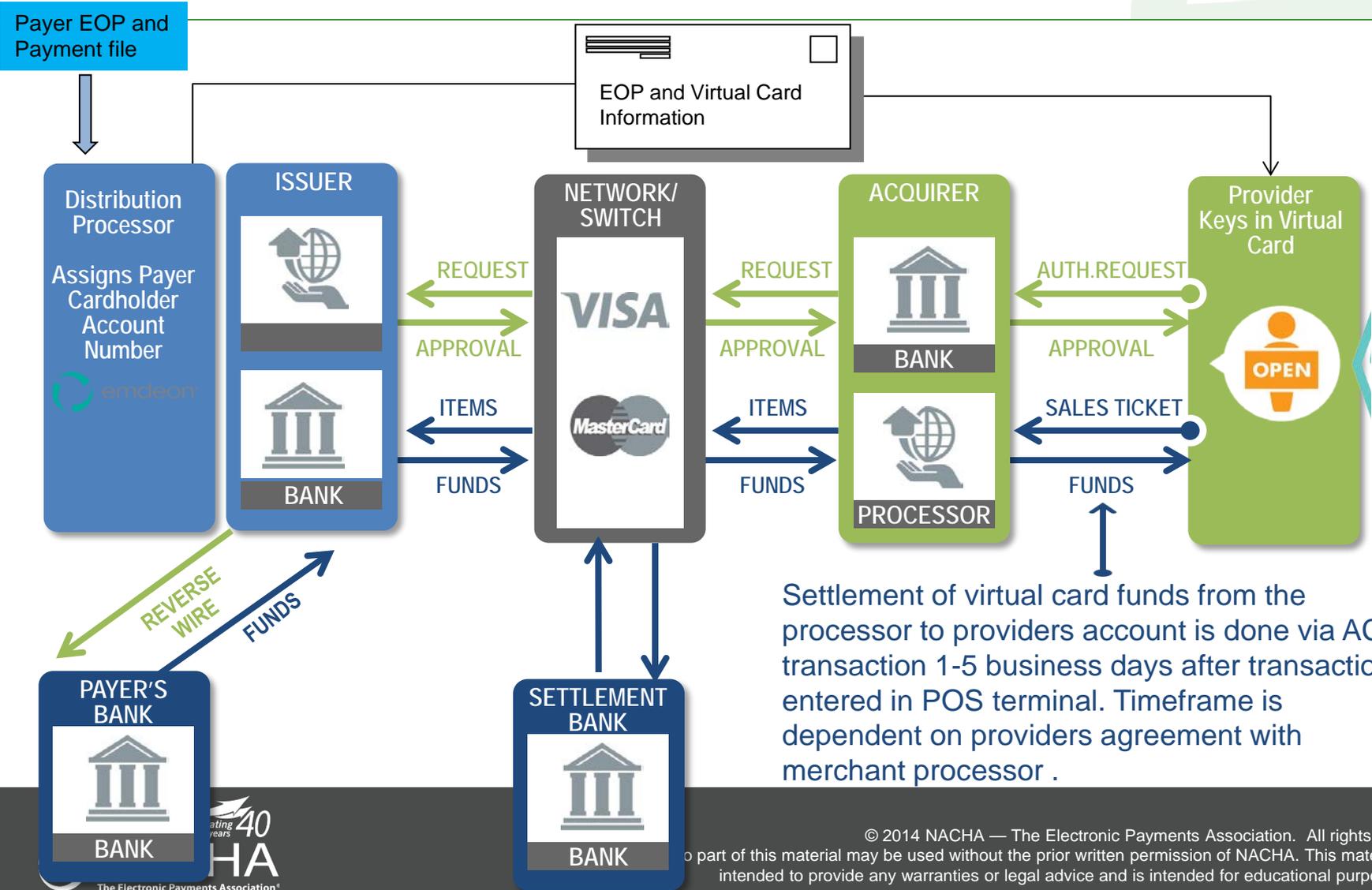
The card must be processed for this exact amount: \$0.00

Please contact the Provider Card Payment Service Department if you have any questions about this payment or this document.

Card #:	123456789
Security #:	123456789
Authorized Amount:	\$00.00
Valid Through:	00/00

Your Payer Organization

Payer Payment Distribution – Current Model “Paper” VCARD



Advantages to Virtual Cards

- Providers do not have to enroll with each individual health plan to receive virtual card payments
- Easy way to receive claims reimbursement payments from health plans not frequently used
- Buyer direct model allows health plans/vendors to send funds directly to providers merchant account – eliminates manual processing and may reduce interchange fees (provider is responsible for negotiating reduced fees with merchant processor)
- If virtual card number is lost or stolen it can be replaced by the health plan (standard card program rules)

Disadvantages of Virtual Cards

- Expensive for providers to accept virtual card payments
 - Providers pay an average of 3% interchange fee and per transaction charge for each payment processed
- Shift the costs of payment processing from the health plan to the provider
 - Most vendors rebate a percentage of the interchange fee and/or transaction fees paid by the provider back to the health plan
- Cannot receive a HIPAA compliant ERA (X12 835) with a virtual card transaction (X12 RFI 1887 – Jan 31, 2014)
- Not immediate funds - funds are deposited to providers merchant account in 1-5 business days after processing (via ACH)
- Providers must manually process the payment by keying the virtual card number into the office POS terminal
- If amount of the payment is keyed incorrectly the virtual card is void and must be replaced by the health plan

Cost of Virtual Card Payments to Providers

- Providers are charge both an interchange fee and a transaction fee for all virtual card transactions
 - Transactions fees for small \$ payments are \$.10. Large \$ payments per transaction fee can be as much as \$40.00
- Interchange fees vary by transaction type and providers agreement with their merchant processor (3% average)
 - Potential to save 50 basis points using Buyer Direct Model
- Credit card network payment processing guarantees the payment and confirms that the card number is valid.
- Payments are deposited to the providers merchant account in 1-5 business days (not same-day)

Comparing the Cost of EFT Payment Options

Emdeon States 3% average interchange fee paid by Providers

Example of Acceptance of Different EFT Payment Types for \$2,500 claim payment

Payment Type	Average Quoted Price
ACH CCD+	Must include TRN Reassociation Data Segment
*ACH Deposit plus Addenda to Business Account	\$ 0.34
Virtual Purchasing Card	No TRN Reassociation Data Segment
**Per transaction fee	\$ 0.10
Interchange fee	3%
Wire Transfer	May include the TRN Reassociation Data Segment
*Received wire transfer	\$10.73

- Provider acceptance of ACH CCD+ addenda deposit for any value - \$0.34 (\$0.31 for ACH plus \$0.03 for addenda)
- Payer claim payment of \$2,500 made via a Virtual Purchasing card) would generate a fee of:
 - \$75.00 (interchange – 3%)
 - \$00.10 (transaction fee)
 - \$75.10 Total fee to accept card pmt
- Provider receives a wire transfer for any value - \$10.73

*The Blue Book of Bank Prices 2012-13 published by Phoenix-Hecht - <https://www.phoenixhecht.com/treasuryresources/PDF/BBExecSumm.pdf>

** Card fees published by MasterCard- http://www.mastercard.com/us/merchant/pdf/MasterCard_Interchange_Rates_and_Criteria.pdf

Virtual Card Opt-Out Programs

- Some health plans are automatically replacing claims reimbursement checks with virtual card payments
- Determine if your practice wants to accept virtual card transactions and communicate to your Account Receivable department
 - Many receivables clerks are automatically accepting the virtual card transactions for claims reimbursements not recognizing the cost to the practice
 - One large provider paid over \$3 million dollars in interchange fees before they were able to get out of the “Opt Out” programs with several health plans
- Credit card rules are different for commercial payments and your practice is not required to accept virtual card payments because your practice accepts card transactions from patients

Comparison of Electronic Payment Options

	Healthcare EFT Standard (via ACH)	Virtual Card	Wire Transfer
Funds Availability	Next Day	2-3 Business days – settled via ACH	Same Day (funds irrevocable)
Average Cost *	\$0.34 (any payment value)	Percentage of total payment (avg. 3%) plus a transaction fee	\$10.73 (any payment value)
Enrollment/Acceptance	Must have a bank account One time with each health plan	Must have a bank account and agreement with a merchant card processing provider, and point of sale processing system/terminal	Must have a bank account One time with each health plan
Risk	Very low risk with ACH credit payment	Higher risk with virtual cards	Very low risk with immediate payment
Manual processing for each payment	None – funds deposited directly to bank account	Each payment must be manually entered into the POS terminal by office staff	None – funds deposited directly to bank account
Reassociation with Electronic Remittance Information	Standardized inclusion of TRN Reassociation Data Segment in payment	Cannot be identified in 835/ ERA Manual access to each EOB through web portal	No requirement to include TRN Reassociation Data Segment with payment

* The Blue Book of Bank Prices 2012-13 published by Phoenix-Hecht - <https://www.phoenixhecht.com/treasuryresources/PDF/BBExecSumm.pdf>

EFT Payment Options – Providers right to choose

- The healthcare EFT standard is now a HIPAA standard transaction
- Under HIPAA 45 CFR 162.925 (a) (1) if a provider requests the delivery of the healthcare EFT standard for claims reimbursements the health plan must do so
 - Health plan may not delay or offer incentive for a provider to receive the claims reimbursement payments using other payment options

Charging to Deliver the Healthcare EFT Standard

- CMS issued FAQ 9778 on March 28, 2014
 - If a provider requests that a health plan conduct the electronic funds transfer (EFT) and remittance advice transaction in standard format (by using the ACH network), then the health plan must comply with the HIPAA standard for this transaction. And if a provider requests that a health plan transmit payments consistent with the HIPAA standard, the health plan is not permitted to delay or reject a transaction because the transaction is a standard transaction ([45 CFR 162.925](#)).
 - The health plan also cannot incentivize a provider to use an alternate payment method other than the adopted standard or adversely affect the provider for using the standard transaction (**i.e. charging excessive fees**).
 - Regardless of the method a provider chooses to receive health care payments from health plans, the provider should carefully analyze their agreements for any added fees.
- <https://questions.cms.gov/?isDept=0&search=9778&searchType=faqId&submitSearch=1&id=5005>

RESOURCES

Healthcare Payments
Resource Page



[Home](#)[About](#)[Federal Health Reform](#)[Healthcare EFT Standard](#)[For Financial Institutions](#)[For Healthcare Providers](#)

WEDI Offers EFT and ERA Guidance

The Workgroup for Electronic Data Interchange (WEDI) has developed a whitepaper, [EFT and ERA Enrollment Process](#), that offers for implementation of the EFT/ERA enrollment process.

Truncate the TRN Number?

If the conditional TRN04 data segment is used it should be truncated if the overall TRN Reassociation Trace Number data segment exceeds 80 characters.

Healthcare EFT Standard Frequently Asked Questions

Questions about the healthcare EFT standard? Find answers to your questions on our [FAQs page](#).

<https://healthcare.nacha.org/>

Collaboration

...a catalyst for improved efficiencies
and innovation.

Healthcare legislation will impact every financial institution in the United States.

NACHA is a leading industry organization that provides the industry with the most efficient and effective solutions.

Financial
Institutions



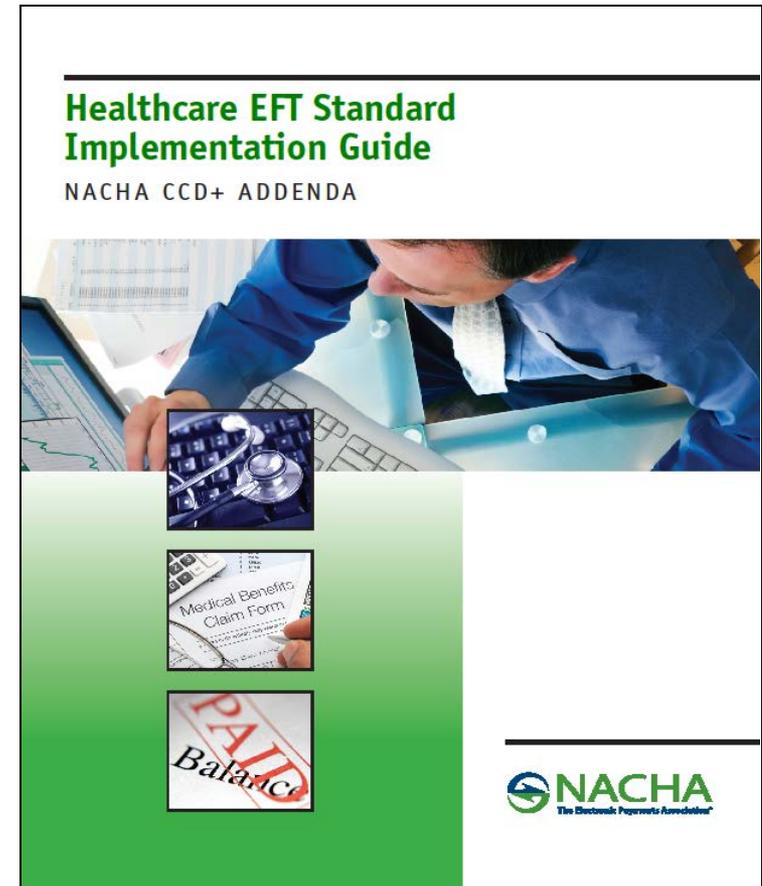
Healthcare
Entities

NACHA Resources

- Healthcare Payments Resources Website
 - Provides a repository of information on a wide variety of topics for both financial institutions and the healthcare industry. Includes links to many other resources, as well as customized information to help “translate” concepts from one industry to the other (FAQs, reports, presentations).
 - <http://healthcare.nacha.org/>
- Healthcare EFT Standard Information
 - Located within the healthcare industry tab of the above website, specific information can be found on the healthcare EFT standard.
 - <http://healthcare.nacha.org/>
- Healthcare Payments Resource Guide
 - Publication designed to help financial institutions in implementing healthcare solutions. It give the reader a basic understanding of the complexities of the healthcare industry, identify key terms, review recent healthcare legislation, and discuss potential impacts on the financial services industry.
 - Order from the NACHA eStore “Healthcare Payments” section: www.nacha.org/estore.
- ACH Primer for Healthcare Payments
 - A guide to understanding EFT payment processing. Introduces the healthcare industry to the Automated Clearing House (ACH) Network, explains ACH transaction flow and applications, and includes two “next steps checklists,” one each for origination and receipt. (Free pdf publication)
 - <https://healthcare.nacha.org/ACHprimer>
- Ongoing Education and Webinars
 - Check the Healthcare Payments Resource Website for “Events and Education”

Healthcare EFT Standard Implementation Guide

- Healthcare EFT Standard Implementation Guide
 - What is the EFT standard?
 - How does it work?
 - Includes the CCD format
 - How to populate the specific fields
 - What are *NACHA Operating Rules* and how do they impact the standard?
- Available from NACHA at <https://www.nacha.org/eStore>



HIPAA Enforcement – Current Process

- » The current HIPAA Transactions & Code Set (TCS) and Affordable Care Act (ACA) operating rules enforcement process is primarily complaint-driven.
- » The CMS website, <http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Enforcement> offers a wide range of helpful information about Enforcement.

Additional Information

- » For information on claims, eligibility, EFT, and ERA operating rules, visit the eHealth website (<http://www.cms.gov/eHealth/>) and look for Administrative Simplification under the Programs tab
- » For information on HIPAA, operating rules, standards and identifiers, visit the ACA section at <http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act>

Questions?