A Special Event:

Electronic Funds Transfer (EFT) Standard and ACA-mandated EFT and Electronic Remittance Advice (ERA) Operating Rules

June 24, 2013
2pm – 3:30 pm ET
Participating in Today’s Interactive Event

• Download a copy of today’s presentation [HERE](#)
• The phones will be muted upon entry and during the presentation portion of the session
• At any time throughout today’s session, you may communicate with our panelists via the web
  – Submit your questions on-line at any time by entering them into the Q&A panel on the right-hand side of the WebEx desktop
  – On-line questions will be addressed first
• There will be an opportunity for the audience to submit questions through the telephone during today’s presentation
  – When directed by the operator, press * followed by the number one (1) on your keypad
Session Topics

- Welcome Intro & Polling
- The Foundation of Healthcare EFT & ERA Processing
  - ACA Section 1104: January 2014 EFT/ERA Operating Rule Mandate
  - The Healthcare EFT Standard: CCD+Addendum
  - HIPAA Mandated v5010 ASC X12 835 Transaction Standard
- Multi-stakeholder Perspectives: CAQH CORE EFT & ERA Operating Rules
  - Working With Trading Partners
  - Implementation Experiences with Specific Rules
    - Healthcare Payment/Advice (835) Infrastructure Rule
    - Uniform Use of CARCs & RARCs (835) Rule
    - EFT/ERA Reassociation (835) Rule
- Q&A
Guest Panelists

- **Priscilla Holland**, Senior Director, *NACHA, The Electronic Payments Association*
  - Priscilla leads NACHA’s healthcare payments program
- **Pat Wijtyk**, Senior Business Analyst, *WPC-Services representing ASC X12*
  - Pat has been a co-chair of the X12 835 Claim Payment/Advice work group since 2001 and currently represents ASC X12 on the CAQH CORE Code Combination Task Group
  - Merri-Lee leads the electronic eligibility transaction group and serves as an internal advisor on the subject of ACA-mandated operated rules
  - She serves as the co-chair of the CAQH CORE EFT and ERA Subgroup and is vice-chair of the Code Maintenance Committee; she also holds leadership roles in WEDI and ASC X12
- **Steve Bernstein**, Senior ACH Product and Market Manager, *J.P. Morgan*
  - Steve has served in leadership roles at JP Morgan in the areas of ACH, EDI, Sales, Client Service, and Check Processing roles
  - JP Morgan is a CAQH CORE participating organization and a CORE Board Member
- **Susan Davis**, Executive Director, *University of Miami Health System*
ACA Section 1104:

January 2014

EFT & ERA Operating Rule Mandate
ACA Mandated Operating Rules Compliance Dates: Required for all HIPAA Covered Entities

Operating rules encourage an interoperable network and are therefore vendor agnostic

Compliance in Effect as of January 1, 2013

• Eligibility for health plan
• Claims status transactions

HIPAA covered entities conduct these transactions using the CAQH CORE Operating Rules

Implement by January 1, 2014

• Electronic funds transfer (EFT) transactions
• Health care payment and remittance advice (ERA) transactions

HIPAA covered entities will need to conduct these transactions using the CAQH CORE Operating Rules

Implement by January 1, 2016

• Health claims or equivalent encounter information
• Enrollment and disenrollment in a health plan
• Health plan premium payments
• Referral certification and authorization
• Health claims attachments

Rule requirements available.
EFT Standard and EFT & ERA Operating Rules: Required of All HIPAA Covered Entities

- **EFT & ERA Operating Rules**: April 2013 CMS announces [CMS-0028-IFC](#) should be considered the Final Rule and is now in effect
  - Adopts Phase III CAQH CORE Operating Rules for the Electronic Funds Transfer (EFT) and Health Care Payment and Remittance Advice (ERA) transactions *except for rule requirements pertaining to Acknowledgements*.
  - CMS also confirms that the CORE Code Maintenance processes updates are immediately effective.

- **Healthcare EFT Standard**: July 2012 CMS announces [CMS-0024-IFC](#) is in effect
  - Adopts the NACHA ACH CCD plus Addenda Record (CCD+) and the X12 835 TR3 TRN Segment as the HIPAA mandated healthcare EFT standard

Compliance date for both the Healthcare EFT Standard and EFT & ERA Operating Rules is January 1, 2014

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* [CMS-0028-IFC](#) excludes requirements pertaining to acknowledgements.*
EFT and ERA Transaction Flow

- EFT and ERA operating rules represent the convergence of financial services and healthcare
- Together the transactions foster the goals of administrative simplification by moving the process of reimbursement from paper to electronic
  - ERA is an electronic transaction that enables providers to receive claims payment information from health plans (payers) electronically; ERA files are intended to replace the paper Explanation of Payment (EOP)
  - EFT enables providers to receive claims payments electronically
## Mandated EFT & ERA Operating Rules:
### January 1, 2014 Requirements Scope

<table>
<thead>
<tr>
<th>Rule</th>
<th>High-Level Requirements</th>
</tr>
</thead>
</table>
| **EFT Enrollment Data Rule**<sup>*</sup>  
Rule 380 |  
- Identifies a maximum set of standard data elements for EFT enrollment  
- Outlines a flow and format for paper and electronic collection of the data elements  
- Requires health plan to offer electronic EFT enrollment |
| **ERA Enrollment Data Rule**<sup>*</sup>  
Rule 382 |  
- Similar to EFT Enrollment Data Rule |
| **Health Care Claim Payment/Advice (835) Infrastructure Rule**  
Rule 350 |  
- Specifies use of the CAQH CORE Master Companion Guide Template for the flow and format of such guides  
- Requires entities to support the Phase II CAQH CORE Connectivity Rule.  
- Includes batch Acknowledgement requirements**  
- Defines a dual-delivery (paper/electronic) to facilitate provider transition to electronic remits |
| **Uniform Use of CARCs and RARCs (835) Rule**  
Claim Adjustment Reason Code (CARC) Remittance Advice Remark Code (RARC)  
Rule 360 |  
- Identifies a *minimum* set of four CAQH CORE-defined Business Scenarios with a *maximum* set of CAQH CORE-required code combinations that can be applied to convey details of the claim denial or payment to the provider |
| **EFT & ERA Reassociation (CCD+/835) Rule**  
Rule 370 |  
- Addresses provider receipt of the CAQH CORE-required Minimum ACH CCD+ Data Elements required for re-association  
- Addresses elapsed time between the sending of the v5010 835 and the CCD+ transactions  
- Requirements for resolving late/missing EFT and ERA transactions  
- Recognition of the role of NACHA Operating Rules for financial institutions |

*Information for CAQH CORE EFT/ERA Enrollment Data Rules can be found in the appendix of this presentation  
**CMS-0028-IFC excludes requirements pertaining to acknowledgements.
EFT and ERA: Operating Rules Build On Standards

- Healthcare operating rules pair data content and infrastructure operating rules to help data flow consistently in *varied settings and with various vendors*.
- Operating Rules can address gaps in standards, such as additional content available with further use of standard, or identify infrastructure needed to ensure electronic transaction flow among standards.

**ACH CCD+ & X12 v5010 835**
- **EFT**: NACHA CCD+ Addenda *(must* contain the TRN Reassociation Trace Number data segment as defined by X12 835 TR3 version 5010)
- **ERA**: X12 v5010 835

**CAQH CORE EFT & ERA Operating Rules**
- Provider enrollment in EFT and ERA
- Infrastructure for supporting the ERA
- Uniform use of codes for conveying claim adjustments/denials
- Reassociation of the EFT and ERA

Together, EFT & ERA Standards and Operating Rules will deliver efficiency and consistency across the healthcare industry.

Compliance date for both the Healthcare EFT Standard and EFT & ERA Operating Rules is January 1, 2014; requirements to support the X12 v5010 835 are already in effect.

* NCVHS recommended standard, see [February 17, 2011 NCVHS Recommendation to HHS Secretary](http://example.com):
The Healthcare EFT Standard

*CCD*+*Addenda*
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

*The CCD+ and ERA are generally not sent on the same day. CAQH CORE operating rules establish maximum elapsed timeframe of three days between the distribution of both
# ACH Network\(^*\) Participants: 
**Roles and Responsibilities**

<table>
<thead>
<tr>
<th>Participant</th>
<th>Role</th>
<th>Role and Responsibility</th>
</tr>
</thead>
</table>
| Health Plan                          | Originator                        | • Maintains relationship with the receiver (Provider)  
• Maintains record of authorization for entry  
• Assigns entry type to each entry (debit or credit and SEC code; Transmits entry information to the ODFI) |
| Health Plan’s Financial Institution  | Originating Depository Financial Institution (ODFI) | • Initiates all payments into the network  
• Secures contractual relationship with originator and ACH operator  
• Maintains responsibility for all entries  
• Warrants entry is authorized and contains correct data |
| **• Federal Reserve**  
**• Electronic Payments Network (EPN)** | ACH Operators                     | • Maintains contractual relationship with ODFI and RDFI  
• Receives entries from ODFI and transmits entries to RDFI |
| Provider                             | Receiver                          | • Maintains relationship with originator  
• Maintains a checking/savings account at the RDFI |
| Provider’s Financial Institution     | Receiving Depository Financial Institution (RDFI) | • Maintains contractual relationship with receiver  
• Credits or debits receiver’s account according to entry  
• Provides re-association TRN segment to physician practice if requested by Provider |

\(^*\) The ACH Network is a batch processing, store-and-forward system, governed by The NACHA Operating Rules, which provide for the interbank clearing of electronic payments for participating depository financial institutions.
The Healthcare EFT Standard

- Divides the healthcare EFT payment flow into three stages
  - Stage 1: Payment Initiation
  - Stage 2: Transfer of Funds
  - Stage 3: Deposit Notification
- Mandates NACHA CCD+Addenda for Stage 1: *Payment Initiation*
- Assumes that dollars and data move separately but can be linked via a reassociation number

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Healthcare EFT Standard CCD+ Addenda: Rule Requirements

- The CCD+Addenda must contain the TRN Reassociation Trace Number data segment as defined by ASC X12 version 005010 835 Implementation Guide
Changes to the *NACHA Operating Rules* to Align with Healthcare

- Details within the *NACHA Operating Rules* and CCD+ Standard were refined to align with Healthcare Operating Rules

<table>
<thead>
<tr>
<th>Overview of NACHA Rule Changes</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Identification of Health Care EFTs</td>
<td>The rule requires health plans to clearly identify CCD Entries that are Health Care EFT Transactions through the use of the specific identifier “HCCLAIMPMT”</td>
</tr>
<tr>
<td>Additional Formatting Requirements for Health Care EFTs</td>
<td>For a CCD Entry that contains the healthcare indicator, as described above, the health plan must include an addenda record that contains the ASC X12 Version 5010 835 TRN (Reassociation Trace Number) data segment; and to identify itself in the transaction by its name as it would be known by the provider</td>
</tr>
<tr>
<td>Delivery of Payment Related Information (Reassociation Number)</td>
<td>The rule requires an RDFI to provide or make available, either automatically or upon request, all information contained within the Payment Related Information field of the Addenda Record, no later than the opening of business on the second Banking Day following the Settlement Date. Further, this Rule would require the RDFI to offer or make available to the healthcare provider an option to receive or access the Payment Related Information via a secure, electronic means</td>
</tr>
<tr>
<td>Addition of New EDI Data Segment Terminator</td>
<td>The rule provides for the use of a second data segment terminator, the tilde (“~”), to any data segments carried in the Addenda Record of the CCD Entry</td>
</tr>
<tr>
<td>Health Care Terminology within the NACHA Operating Rules</td>
<td>The rule includes healthcare-related definitions</td>
</tr>
</tbody>
</table>
Getting Started with the Healthcare EFT Standard: Health Plans

- **Health plans new to using the CCD+ over the ACH Network:**
  - Contact your financial institutions about ACH Origination
    - Understand responsibilities and liabilities of ACH Origination
    - Formatting CCD+Addenda files
  - Establish an EFT enrollment process that is compliant with the CAQH CORE 380 EFT Enrollment Data Rule

- **Health plans currently sending ACH payments:**
  - Review changes to the NACHA Operating Rules for healthcare EFT transactions*
  - Details within the CCD+ Standard have been refined to align with Healthcare Operating Rules.
    - These changes must be implemented by September 20, 2013
  - Review EFT enrollment process to ensure compliance with CAQH CORE EFT Enrollment Operating Rule
Getting Started Receiving Electronic Payments: Providers

• **New to receiving electronic payments**
  – Enroll to receive the healthcare EFT standard CCD+Addenda
  – Contact your financial institution to establish service to deliver the TRN Reassociation Trace Number that is included in the CCD+Addenda
  – Determine what internal process changes and communications are needed

• **Currently receiving ACH payments**
  – If you are not receiving the TRN Reassociation Trace Number included in the CCD+Addenda contact your financial institution to establish a service to deliver the TRN Reassociation Trace Number
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/nacha-estore-healthcare-payments
HIPAA Mandated v5010
ASC X12 835 Transaction Standard
HIPAA-adopted EDI Transaction Standards and ASC X12

- HIPAA requires the establishment of national standards for electronic health care transactions and national identifiers for providers, health insurance plans, and employers
- Most HIPAA-adopted EDI transaction standards are ASC X12 standards
  - Current mandated version is ASC X12 5010; mandated as of January 2012
  - For each standard, ASC X12 Technical Report Type 3 (TR3) specifies:
    - Data segments to be used
    - Segment sequence, whether segments are mandatory or optional, when segments can be repeated
    - How loops are structured and used
Health Care Claim Payment/Advice (835)

About the Transaction

• The Health Care Claim Payment/Advice (835) transaction’s purpose is
  – To provide a standard manner for a Health Plan to report payment and
    adjustment information detail about a claim
  – Used by Health Plans, TPAs, state/federal agencies & their contractors, DFIs,
    billing services, clearinghouses, Dental, Pharmacy, Auto and Workers Comp

• Has no limit to the number of claims reported and not associated with any
  specific submitted claim batch

• The receiver may be a Payee (provider) or an agent of the provider

Electronic Funds Transfer
(CCD+/TRN)
The ASC X12 version 005010 835 Implementation Guide provides directions in multiple sections, e.g.,

- ‘Front Matter’ – an introductory section that provides information about how to report data in the transaction and rules from processing claim data, e.g.,
  - Reassociation of dollars and data
  - Balancing at multiple levels (service, claim and check level)
  - Use of Claim/Service Adjustment Segment and the use of Claim Adjustment Reason and Remittance Advice Remark Codes

- ‘Segments’ – providing detailed directions on the use (requirement) of data in elements, e.g.,
  - BPR Segment and the values for the payment amount (BPR02), effective entry date (BPR16) and banking information (BPR03-15)
  - TRN Segment and the values for the trace number (TRN02) and payer identifier (TRN03)
  - CAS Segment and the values for adjustment amount, group code, adjustment reason code
Health Care Claim Payment/Advice (835): Adjustments

• The Claim/Service Adjustment Segments provide reasons, amounts and quantities of an adjustment that the payer made to the original submitted charge through the use of *industry code sets*
  – Claim Adjustment Reason Codes (CARC)
  – Group Code – indicates responsibility for the adjusted amount
  – Remittance Advice Remark Codes (RARC)
Health Care Claim Payment/Advice (835):
Reassociation

- Reassociation must occur when the remittance data is sent separately from the monetary amount (EFT), which is a common practice.
- Reassociation requires that both the remittance and monetary data contain information that allows for matching to occur easily.
  - **For an EFT payment, there are 4 key pieces which correspond to the ERA Data Elements needed to facilitate reassociation:**
    - **EFT Trace Number** (TRN02) is a unique number assigned by the sender and is the EFT reference number.
    - **Payer Identification** (TRN03) is the payer’s TIN.
    - **Total payment amount** (BPR02).
    - **EFT Effective Date** (BPR16) is the date the money is available to the payee.
  - The trace number and payer identifier are also defined in the NACHA rule and sent in the ACH addenda record.
  - **CCD+ TRN** is the ACA mandated healthcare EFT standard.
    - When EFT is requested by a provider it must be supplied by the health plan.
## Focus of EFT & ERA Operating Rule

### CORE-required Minimum CCD+ Reassociation Data Elements

<table>
<thead>
<tr>
<th>CCD+ Record #</th>
<th>Field #</th>
<th>Field Name*</th>
<th>Corresponding v5010 X12 835 Data Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>9</td>
<td>Effective Entry Date</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>6</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>3</td>
<td>Payment Related Information</td>
</tr>
</tbody>
</table>

### Data Element Segment Position, Number & Name

<table>
<thead>
<tr>
<th>Field Name*</th>
<th>Data Element Segment Position, Number &amp; Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Entry Date</td>
<td>BPR16-373 Date <em>(EFT Effective Date)</em></td>
</tr>
<tr>
<td>Amount</td>
<td>BPR02-782 Monetary Amount <em>(Total Actual Provider Payment Amount)</em></td>
</tr>
<tr>
<td>Payment Related Information</td>
<td>TRN Reassociation Trace Number Segment, specifically data elements:</td>
</tr>
<tr>
<td></td>
<td>• TRN01-481 Trace Type Code <em>(Required (Default Value))</em></td>
</tr>
<tr>
<td></td>
<td>• TRN02-127 Reference Identification <em>(EFT Trace Number)</em></td>
</tr>
<tr>
<td></td>
<td>• TRN03-509 Originating Company Identifier <em>(Payer Identifier)</em></td>
</tr>
<tr>
<td></td>
<td>• TRN04-127 Reference Identification <em>(Originating Company Supplemental Code)</em></td>
</tr>
</tbody>
</table>

*See §6.1 of [CAQH CORE 370 Reassociation (CCD+/ERA) Rule](https://www.caqh.org/cdqx/370-reassociation-cdqx/ccd-exchange-rule) for a glossary of these terms*
In-Session Polling Question:

EFT & ERA Implementation Challenges

Which CAQH CORE EFT & ERA Operating Rule do you find the most challenging to implement?

a) CAQH CORE 350 Health Care Claim Payment/Advice (835) Infrastructure Rule
b) CAQH CORE 360 Uniform Use of CARCs and RARCs (835) Rule
c) CAQH CORE 370 EFT & ERA Reassociation (CCD+/835) Rule
d) CAQH CORE 380/382 EFT & ERA Enrollment Data Rules
e) Not applicable (not a HIPAA covered entity)
CAQH CORE EFT & ERA Operating Rules:
Multi-stakeholder Perspectives
Importance of Trading Partner Relationships
*Roles in Operating Rule Implementation*

- **HIPAA-covered entities** including healthcare clearinghouses, health plans, and providers, work together to exchange transaction data in a variety of ways.
- **Non-HIPAA-covered entities** (e.g. vendors) play a crucial role in enabling their provider and Health Plan clients to realize the benefits of industry adoption of CAQH CORE Operating Rules; these entities often act as Business Associates on behalf of a HIPAA covered entity.
  - Providers rely on their vendors/Practice Management System Vendors (PMS) to achieve their administrative cost saving goals and achieve end-to-end interoperability.
  - Health plans and clearinghouses work together in a variety of ways.
  - Health plans and providers can also leverage the services of their Financial Institution to facilitate adoption of ACA-mandated operating rules.

Note: Access the CAQH CORE Analysis and Planning Guide for help identifying your trading partners role in implementation.
Healthcare Claim Payment/Advice Infrastructure: CAQH CORE Rule 350

Health Plan

Claims Processing

Treasury

Provider

Billing & Collections

Treasury

ODFI — RDFI

Electronic Funds Transfer (CCD+/TRN)

Stage 1: Initiate EFT

Infrastructure Rules

Standard Companion Guides

Real-time and Batch Response Times

Internet Connectivity and Security

Increased System Availability

Indicates where a CAQH CORE EFT/ERA Rule comes into play
CAQH CORE Rule 370: Key Rule Requirements

• Connectivity
  – Entities must be able to support the Connectivity Rule Version 2.2.0 for transmission of the v5010 835

• Companion Guide
  – Specifies use of the CAQH CORE Master Companion Guide Template for the flow and format of such guides for the v5010 835

• Dual Delivery
  – A health plan that currently issues proprietary paper claim remittance advices is required to continue to offer such paper remittance advices to each provider during that provider’s initial implementation testing of the v5010 X12 835 for a minimum of 31 calendar days from the initiation of implementation
  – Upon mutual agreement between the provider and the health plan, the timeframe for delivery of the proprietary paper claim remittance advices may be extended

• Batch Acknowledgments*
  – A receiver of a v5010 X12 835 transaction must return a v5010 X12 999 Implementation Acknowledgement for each Functional Group of v5010 X12 835 transactions to indicate that the Functional Group was either accepted, accepted with errors or rejected.

*For additional information on Batch Acknowledgments please visit the EFT & ERA Operating Rules page on the CAQH CORE Website.
Healthcare Claim Payment/Advice (835)
Infrastructure

Stakeholder Perspectives:
Aetna
University of Miami Health System
Claim Payment/Advice (835) Infrastructure  
*Aetna Implementation Experience*  

- Aetna has implemented and continues to support the requirements of CAQH CORE Infrastructure Operating Rules  
  - We use and maintain CAQH CORE Operating Rule compliant Companion Guides, listing those items where our implementation may not utilize data included in the HIPAA Implementation Guide (TR3)  
  - We offer compliant connectivity options to those submitters who request them, while continuing to support our current submitters without disruption as allowed by the rules  
  - We support dual delivery during the transition period for new adopters of the Electronic Remittance Advice  
    - Our dedicated ERA team members work closely with providers during the enrollment and transition period to ensure a smooth transition  
    - We are reviewing internal processes to determine if any changes are necessary. It is anticipated that these will not create any changes to our interactions with the provider outside those directly related to a rule, e.g., ERA or EFT Enrollment  

*If you are a provider and would like more information about ERA/EFT with Aetna, go to:*  
[http://www.aetna.com/healthcare-professionals/claims-administration/billing-payment-reimbursement.html](http://www.aetna.com/healthcare-professionals/claims-administration/billing-payment-reimbursement.html)
University of Miami Health System
Breadth of Revenue Cycle Operations

• University of Miami Hospital - 560 bed Med / Surg
• Bascom Palmer Eye Institute - #1 ranked eye hospital in the US
• Sylvester/UMHC Hospitals - South Florida’s most advanced cancer care
• System owned provider practice - 900+ providers
University of Miami Health System

CORE Rule 350 – Infrastructure

• Our clearinghouse is Realmed, Phase II CORE-certified clearinghouse.
• We have 20 payers live with EFT/ERA processing. This equates to approximately 90% of our cash posting.
• Our current improvement opportunity would be to dedicate a resource to be the subject matter expert on all things EDI including leveraging updates to the CORE rules to become more efficient and improving communication between the CBO and the IT Department.
  – Monitor the Realmed website for additions to the payer EFT/ERA list and for overall EDI updates so this information can be distributed to the CBO and IT departments
  – Responsible for adding payers to EFT/ERA when they become available
  – Responsible for testing all new payer mapping
  – Responsible for managing the CARC/RARC table and all associated automation rules that can create adjustments, denials and movement to the next responsible payer
Uniform Use of CARCs & RARCs

**CAQH CORE Rule 360**

- Health Plan
  - Claims Processing
  - Treasury

- Provider
  - Billing & Collections
  - Treasury

- Payment/Advice (835)
  - ODFI
  - RDFI

- **Infrastructure Rules**
  - Uniform Use of CARCs & RARCs Rule
  - Standard Companion Guides
  - Real-time and Batch Response Times
  - Internet Connectivity and Security
  - Increased System Availability

**Indicates where a CAQH CORE EFT/ERA Rule comes into play**

- Stage 1: Initiate EFT
- Electronic Funds Transfer (CCD+/TRN)
CAQH CORE Rule 360: Key Rule Requirements

- Identified *minimum* set of four CORE-defined Business Scenarios with *maximum* set of code combinations to convey claim denial/adjustment details (codes in separate document):
- Established maintenance process to review and update CORE-required Code Combinations
- Enabled health plans and PBM agents to:
  - Use new/adjusted codes with CORE-defined Business Scenarios prior to CAQH CORE Compliance-based Review
  - Develop additional, non-conflicting business scenarios when CORE-defined Business Scenario do not meet business needs
- Identified applicable CORE-defined Business Scenarios for retail pharmacy
Uniform Use of CARCs & RARCs (835)

Stakeholder Perspectives:
Aetna
University of Miami Health System
Uniform Use of CARCs & RARCs (835): Aetna Experience

• There are two components in support of this rule:
  – Initial implementation of support for the Scenarios and Code Combinations
  – Ongoing support of code changes and/or new scenarios (if applicable)

It is important to remember that the concept of the codes changing or being added up to 3 times a year is not new. It has always been required to create a compliant electronic remittance advice (835) transaction. The operating rules add the concept of ‘scenarios’ and code combinations
Uniform Use of CARCs & RARCs (835): Aetna Experience

• **Initial implementation of support for the Scenarios and Code Combinations**
  – We are in the process of reviewing approximately 6,000 internal “action codes” that are currently mapped to Group/CARC/RARC codes
  – They will be sorted where applicable into the 4 CORE-defined Business Scenarios
  – When sorting is complete, we will compare current mapping to that required by rule
  – Changes to mappings may be necessary as a result of this process
Uniform Use of CARCs & RARCs (835):  
Aetna Experience

- **Ongoing support of code changes and/or new scenarios (if applicable)**
  - We have subscribed to CORE’s Constant Contacts list so that we receive all updates to the Code Combinations and scenarios*
  - Code changes identified in the communications receives review to ensure that our existing mapping is consistent with that required by the rule.
  - Changes to mappings may be necessary as a result of this process
  - We are actively participating in the CORE Code Combination maintenance process and Chair the CAQH CORE Code Combinations Task Group

*Note: We also monitor the WPC-EDI.com for other updates to these code lists, which is incorporated into a similar process
University of Miami Health System

Implementing the Uniform Use of CARCs and RARCs

• We are in the process of leveraging the CORE-defined CARC & RARC code combinations to create robust denial reporting that is filterable and drillable with MS Reporting Service cubes that provide self service pivot tables to end users.

• Prior to creating denial reports, we only collected 40% of contestable denials. Today we are collecting over 90% of all contestable denials.

• Every CARC has several reporting categories assigned to it.
  – Denial Y/N, Avoidable on the front end (Y/N), Contestable on the back end (Y/N), Type of Denial (i.e. Coding, Med Necessity, No Auth, Eligibility, etc.),
  – We provide trending that includes total incoming denials and all associated recoveries and write offs. The summary reports are based on the FIRST CARC to avoid duplication.
  – However, the operations team needs the current/last CARC for collection purposes. We provide this additional view with more detailed operational information such as Dept, Provider, Payer, CPT/MOD/DX, Invoice Number, MRN#, Balance etc…
  – We review our denials every month via an active denials committee to reduce root cause.
EFT & ERA Reassociation (CCD+/835)
CAQH CORE Rule 370

Infrastructure Rules

Uniform Use of CARCs & RARCs Rule

Payment/Advice (835)

EFT & ERA Reassociation (CCD+/835) Rule

Electronic Funds Transfer (CCD+/TRN)

Stage 1: Initiate EFT

ODFI

RDFI

Provider

Billing & Collections

Treasury

Health Plan

Claims Processing

Treasury

Infrastructure Rules

Standard Companion Guides

Real-time and Batch Response Times

Internet Connectivity and Security

Increased System Availability

Indicates where a CAQH CORE EFT/ERA Rule comes into play

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CAQH CORE Rule 370: Key Rule Requirements

• **CORE-required Minimum CCD+ Reassociation Data Elements**
  - Health plan must inform provider during enrollment to contact bank for the delivery of CORE-required Minimum CCD+ Reassociation Data Elements
    • Banks are not required to report unless asked by the provider
  - Provider must proactively contact bank for data
    • NOTE: The CAQH CORE EFT & ERA Enrollment Data Rules contain complementary requirements

• **Elapsed Time Requirements**
  - Health plan must release the 835 no sooner than three business days before, and no later than three business days after, the CCD+ Effective Entry Date 90% of time
  - Health Plans must track/audit this elapsed time requirement

• **Resolving Late/Missing EFTs/ERAs**
  - Health plan must establish written Late/Missing EFT and ERA Transactions Resolution Procedures
ERA & EFT Reassociation Rule (CCD+/835)

Stakeholder Perspectives:

JP Morgan
Aetna
University of Miami Health System
How J.P. Morgan is Preparing for Change

June 2013
Operating rules for healthcare claims remittance & payments are being adopted into federal law and will impact Financial Institutions and their health plan and provider clients.

**CAQH CORE & NACHA EFT & ERA Operating Rules**

<table>
<thead>
<tr>
<th>Mandate Does...</th>
<th>Mandate Does Not...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lay out Healthcare payment (EFT) standard that must be used for the initiation of all healthcare claims payments</td>
<td>Require standards to be used for other stages of claims payment</td>
</tr>
<tr>
<td></td>
<td>For example: transfer of funds or deposit notification</td>
</tr>
<tr>
<td></td>
<td>Ban the voluntary use of EFT formats in instances where EFT &amp; ERA travel together</td>
</tr>
<tr>
<td></td>
<td>For example: ACH CTX</td>
</tr>
<tr>
<td>ACH CCD+ for electronic funds transfer</td>
<td>Require health plans to use the ACH network for EFT payment</td>
</tr>
<tr>
<td>X12 835 TR3 TRN Segment for remittance advice</td>
<td>Apply to EFT payments made outside of the ACH network</td>
</tr>
<tr>
<td>Standards must be used to authorize the ODFI(^1) to make healthcare EFT payment through the ACH network by all health plans that execute healthcare electronic payments</td>
<td></td>
</tr>
<tr>
<td>Require health plans to include the Reassociation Trace Number (X12 835 TR2 TRN) in the Addenda Records attached to all CCD file to facilitate matching claims with payments</td>
<td></td>
</tr>
</tbody>
</table>

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1 ODFI: Originating Depository Financial Institution
What J.P. Morgan is Doing to Educate Health Plans and Providers

**Client Education**
- Education of the impending rule changes is a top priority at J.P. Morgan. We have been engaging with clients large and small through:
  - Direct and face-to-face meetings
  - E-Mail Notifications
  - Solution Overviews & Demos

**Ready to Launch**
- All of our origination channels will be ready by the deadline to accept properly formatted healthcare payments, including:
  - Direct Send
  - Online Channels
  - Single Payment File (PaySource)
- We have been performing testing with select clients.
- Remittance text (reassociation number) will be available day 1 through multiple channels including online, BAI reporting and e-mail.
### ABC COMPANY

**Balance and Transaction Summary and Detail Report**

*For information purposes only. Dates and times shown in transactions may not be expressed in your local time zone.*

**Includes Credits and Debits for:**

| All Transaction Types | Display all accounts |

**Acct Group:** Account List  
**Acct Name:** ABC COMPANY  
**Acct Num:** 0000001234123  
**Currency:** USD U.S. Dollar  

**Transaction Date:** 04/26/2011  
**Bank:** JPMorgan Chase Bank, N.A.  
**Last Updated:** 04/27/2011 - 04:34 AM

### SUMMARY

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Same Day</th>
<th>Next Day</th>
<th>2 Or More Days</th>
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</thead>
<tbody>
<tr>
<td>Opening</td>
<td>616,729.05</td>
<td>616,729.05</td>
<td>0.00</td>
</tr>
<tr>
<td>Credits: (5)</td>
<td>2,235,711.84</td>
<td>2,235,711.84</td>
<td>0.00</td>
</tr>
<tr>
<td>Debits: (1)</td>
<td>1,413,476.77</td>
<td>1,413,476.77</td>
<td>0.00</td>
</tr>
<tr>
<td>Closing</td>
<td>1,438,964.12</td>
<td>1,438,964.12</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### SUMMARY OF OTHER BALANCES

- AVG CLOSING AVL BAL PREV MNTH: 1,563,003.29
- AVG CLOSING AVAILABLE BAL MTD: 1,094,027.80
- AVG CLOSING AVAILABLE BAL YTD: 1,275,531.48
- TOTAL FLOAT: 0.00
- AGGREGATE FLOAT ADJUSTMENT: 0.00
- CLOSING BALANCE - 3+ DAYS FLT: 0.00
- OPENING ON 04/27/2011: 1,438,964.12
- TOTAL INCOMING MONEY TRANSFERS: 2,235,711.84
- TOTAL OUTGOING MONEY TRANSFER: 1,413,476.77

**Remark:** TRN*1*12345*1512345678*1999999999\ 

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**BOOK TRANSFER CREDIT**  
**ABC OF 11/04/25 9076543123**  
**S/R:** STRAIGHT  
**YOR REF:** ABC OF 11/04/25  
**REG FROM:** 000000003000/0234 DR/KD/KG KKF NEW GOL/FKU  
**BUONI/NEW REDU NO4 FYIVEN MONKE CARLO FIRE:**  
**ISLAND KJGUSU BUGPLD**  
**SWIFT ID:** ABCDABCD321  
**B/O CUSTOMER:** JCD87654321876543210121  
**A/ZIP:** LUCIF RIC FE EDFJKE  
**SAN DIOUJ ME U/VI NO 2 12/FRI:** ISMJE MORACCE KDFV  
**REMARK:** JUNIC664321JDFLUUSD40.00  

**BOOK TRANSFER CREDIT**  
**XYZ OF 11/04/25 0876543123CD**  
**REMARK:** JUNIC664321JDFLUUSD40.00  

**Balance and Transaction Report - Summary and Detail**  
**Created on:** 04/27/2011 12:26 PM EST (GMT-05:00)
<table>
<thead>
<tr>
<th>Health Plans</th>
<th>Healthcare Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Understand how the new EFT standard impacts your claim payment processing</td>
<td>✓ Understand health plan agreements and options for payment and remittance information</td>
</tr>
<tr>
<td>✓ Identify changes to payments formats</td>
<td>✓ Review with vendors</td>
</tr>
<tr>
<td>✓ Develop new file formats</td>
<td>✓ Review and update collection &amp; reconcilement procedures</td>
</tr>
<tr>
<td>▪ Use HCCLAIM PMT entry description</td>
<td>✓ Request healthcare EFT payments</td>
</tr>
<tr>
<td>▪ Company name is readily recognized by the provider</td>
<td>✓ Contact financial institution to discuss services offered to assist in receiving EFT and payment related information/ including the reassociation trace numbers</td>
</tr>
<tr>
<td>▪ Confirm formatting of addenda record indicator</td>
<td>✓ Implement reporting services &amp; new reconcilement procedures</td>
</tr>
<tr>
<td>▪ Ensure payment related information includes re-association trace number that can be used by provider to reconcile</td>
<td>✓ Go live</td>
</tr>
<tr>
<td>✓ Coordinate the delivery of the payment and the ERA</td>
<td></td>
</tr>
<tr>
<td>✓ Contact J.P. Morgan to arrange for testing</td>
<td></td>
</tr>
<tr>
<td>✓ Test with J.P. Morgan ACH</td>
<td></td>
</tr>
<tr>
<td>✓ Educate providers</td>
<td></td>
</tr>
<tr>
<td>▪ Communicate changes</td>
<td></td>
</tr>
<tr>
<td>▪ Instruct provider to contact their financial institution to arrange delivery of re-association information</td>
<td></td>
</tr>
<tr>
<td>✓ Go live</td>
<td></td>
</tr>
</tbody>
</table>
EFT & ERA Reassociation (CCD+/835) Rule: Aetna Implementation Experience

• Success of the CCD+ portion of the Reassociation rule requires that we make a small change in our EFT file
• We are implementing a change in our CCD+ Addenda record to remove the provider business grouping (PBG), which will allow us to meet the compliance requirement for this rule
  – Without this change, the matching process between the ERA and the EFT would not be successful - the two would not be equal
  – Our change is expected to be implemented in 3Q2013
EFT & ERA Reassociation (CCD+/835) Rule: Aetna

- Requirements of the Elapsed Time portion of the Reassociation Rule require that we be able to monitor the time between release of the ERA and the EFT
  - We will be creating internal reporting to allow us to monitor the elapsed time between the release of these two files
  - This change will be implemented in 4Q2013
Our billing system is Epic for both hospital and professional billing

Our IT department is reaching out to Epic right now to see what needs to be done to fully leverage the Reassociation capability

The manual process we use now to associate ERAs to EFTs takes from 30-60 minutes per day per poster (we have 31 FTE posters)

- The manual process used by the payment posters today requires filtering all incoming 835s by payer and department. We have 21 separate provider specialty departments (with their own Tax IDs) plus the hospitals
- Once the correct payer and department is located, an additional manual search is performed while in the file to find a match to the Check Date, Check Number and Check Amount
- Our IT department is working with Epic to create a project plan for using Reassociation to hopefully replace the manual matching that we are doing today
Implementation Steps for HIPAA Covered Entities: Where Are You?

**Just Getting Started**
- **FAQs:** New EFT & ERA FAQs are being posted regularly
- **Free CAQH CORE Analysis and Planning Guide**

**Analysis and planning** (budgeted, resources assigned, impact analysis)

**Systems design** (software or hardware upgrades identified, coordinating with vendors)

**Systems implementation** (software/hardware and vendor services upgrades fully implemented)

**Integration & testing** (internal and trading partners testing)

**Deployment/maintenance** (full production use with one or more trading partners)

**CORE Partner Testing Page:** Communicate your readiness for conformance testing with Trading Partners

**Voluntary CORE Certification Test Site** for conformance testing of the EFT & ERA Operating Rules; jointly offered by CAQH CORE-authorized testing entity Edifecs
Please submit your question:

- **Via the Web**: Enter your question into the Q&A pane in the lower right hand corner of your screen
- **By Phone**: When prompted by the operator, press * followed by the number one (1) on your keypad
Upcoming CAQH CORE Education Events

• Join us for a free CAQH CORE webinar*
  – CAQH CORE Summer Town Hall
  – CAQH CORE and Edifecs Joint Education Session, August (TBD)

• Hear More about Operating Rules at an industry event
  – DDPA Operations and Technology Summit, July 16-18
  – WEDI ICD-10/HPID Implementation Excellence Forum, July 22-25
  – Healthcare Payments Innovations Conference, July 30-31

• Visit the CORE Education Events page of the CAQH website
  – Access free recordings of previous education events & stay informed of
    upcoming joint webinars with key partners such as NACHA, ASC X12,
    vendors and provider associations

*Please visit CAQH CORE Education Events page for updated dates and times as they become available.
Thank You for Joining Us

Appendices: Implementation Tools and References
Available CMS OESS Implementation Tools:  
*Examples*

- **HIPAA Covered Entity Charts**
  - Use the HIPAA Covered Entity Charts to determine whether your organization is a HIPAA covered entity

- **CMS FAQs**
  - Frequently asked questions about the ACA, operating rules, and other topics

- **Affordable Care Act Updates**
  - Updates on operating rules; compliance, certification, and penalties; and engagement with standards and operating rules

- **Additional Questions**
  - Questions regarding HIPAA and ACA compliance can be addressed to:
    - Chris Stahlecker, OEM/OESS/ASG Acting Director, Administrative Simplification Group, Christine.Stahlecker@cms.hhs.gov
    - Geanelle Herring, Health Insurance Specialist, Geanelle.Herring@cms.hhs.gov
CAQH CORE EFT & ERA Operating Rules: Additional Implementation Tools

- **Just Getting Started/Planning & Analysis**
  - **CAQH CORE EFT & ERA Operating Rules**: Master your understanding of the ACA mandated EFT & ERA operating rule requirements
  - The Analysis and Planning Guide provides guidance to complete systems analysis and planning for implementation of the CAQH CORE EFT & ERA Operating Rules

- **Systems Design/Implementation**
  - **Education Sessions**: CAQH CORE holds frequent sessions with partners such as WEDI, associations, and Medicaid workgroups that often include speakers from organizations that have implemented the CAQH CORE Operating Rules
  - **FAQs**: CAQH CORE has a list of FAQs to address typical questions regarding the operating rules; new EFT & ERA FAQs are being posted regularly
  - **Request Process**: Contact technical experts as needed at CORE@caqh.org

- **Integration/Testing**
  - **CORE Operating Rule Readiness**: HIPAA covered entities can quickly communicate their organization’s readiness to testing their conformance with trading partners by adding their company information to the CORE Partner Testing page of the CAQH website

- **Deployment/Maintenance**
  - **Voluntary CORE Certification**: Test Site for conformance testing of the EFT & ERA Operating Rules are now available; jointly offered by CAQH CORE-authorized testing entity Edifecs
Additional 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).

• **Healthcare EFT Standard Information**
  - Located within the healthcare industry tab of the above website, specific information can be found on the healthcare EFT standard.

• **Healthcare Payments Resource Guide**
  - Publication designed to help financial institutions in implementing healthcare solutions. It gives 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

• **Revised 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.

• **Ongoing Education and Webinars**
  - Check the Healthcare Payments Resource Website for “Events and Education”
ASC X12’s Interpretation Process

Technical or Implementation questions may be submitted to ASC X12. Such a question is called a Request for Interpretation (RFI).

Submit an RFI at:
www.x12.org/x12org/subcommittees/x12rfi.cfm

An RFI and the associated response is reviewed and approved at several levels before being published as a final ASC X12 interpretation.
EFT & ERA Enrollment Data Rules: Key Rule Requirements

Paper-based Enrollments
Optional

Electronic Enrollments
Must be offered

A health plan (or its agent or vendors offering EFT enrollment) is required to:

- Collect no more data elements than the CORE-required Maximum EFT Enrollment Data Set; data elements marked optional may be collected at the entity's discretion
- Use the format, flow, and data set including data element descriptions without modification in the Maximum EFT Enrollment Data Set
- Make available to the provider (or its agent):
  - specific written instructions/guidance to the healthcare provider for enrollment
  - instructions on the specific procedure to accomplish a change in/cancellation of their enrollment

- Include the name of the health plan/agent/ vendor offering EFT) & the purpose of the form at top of the form
- Provide additional information including where to send completed form, contact information, authorization language
- Provide instructions to access online instructions for status of enrollment
- Inform provider it must contact bank to arrange for delivery of the CORE Minimum CCD+ Reassociation Data Elements

- When using XML, exact Data Element Name and Sub-element Name must be enclosed in angle brackets (i.e., < >) for the standard XML element name; and all spaces replaced with an underscore [ _ ] character
- Offer an electronic way for provider to complete and submit the EFT enrollment