The Alignment of Financial Services and Healthcare: The Electronic Funds Transfer (EFT) Standard And Healthcare Operating Rules for EFT and Electronic Remittance Advice (ERA)

Thursday, November 29, 2012
2:00 pm to 3:00 pm ET

NACHA – The Electronic Payments Association
Priscilla Holland
Senior Director

CAQH CORE
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CORE Senior Manager
Participating in Today’s Interactive Event

• Download a copy of today’s presentation HERE

• The phones will be muted throughout the session, however you may directly communicate at any time with today’s panelists via the webex
  – Submit your question directly through the Q&A pane located at the bottom right hand corner of your screen

• Panelists will address audience questions during the last 10-15 minutes of the program
Session Topics

• Welcome & Introductions
• Overview of NACHA and CAQH CORE Partnership and Cross-Industry Collaboration
• Basics of the Healthcare EFT Standard
• Overview of the CAQH CORE EFT & ERA Operating Rules
• Implementation Resources & Tools from CAQH CORE and NACHA
• Question and Answer
Learning Objectives

Attendees will:

• Learn about NACHA as a healthcare EFT standards organization and the ACH CCD+ as the mandated healthcare EFT standard

• Outline the recent changes made to the NACHA Operating Rules in support of health plans and providers as they use the ACH Network for healthcare claim payment transactions

• Understand the key elements of the second set of mandated operating rules, i.e., the CAQH CORE EFT & ERA Operating Rules, required by the EFT and ERA Interim Final Rule (IFR)

• Via an open Q&A, ask questions about using the EFT standard and healthcare EFT and ERA operating rules together in order to streamline the exchange of healthcare payment transactions
Polling Question:  
**EFT & ERA Awareness**

How would you rate your overall level of understanding of the healthcare EFT & ERA Standards and Operating Rules?

– Very Strong
– Strong
– Fair
– Limited
– Very Limited
Overview of NACHA and CAQH CORE Partnership and Cross-Industry Collaboration
CAQH CORE Mission

- Established in 2005
- **Mission:** To build consensus among healthcare industry stakeholders on a set of operating rules that facilitate administrative interoperability between providers and health plans
  - Enable providers to submit transactions from the system of their choice (vendor agnostic) and quickly receive a standardized response
  - Ensure the rules can be implemented in phases that encourage feasible progress
  - Facilitate administrative and clinical data integration
  - Do not require dependency on or creation of a centralized database

CAQH CORE carries out its mission based on an integrated model
NACHA – The Electronic Payments Association

• Non-profit rule-making entity
• Author of the *NACHA Operating Rules* for almost 40 years
  – *Focused on maintaining a safe, secure, and reliable Network, while balancing innovation and risk management*
  – *In support of financial institutions, consumers, businesses, and government entities that utilize the ACH Network*
• Responsible for managing the development, administration, and governance of the ACH Network
  – Backbone by which funds are moved between bank accounts throughout the country
• Support industry education and dialogue on payments
Healthcare Payments and Remittance: A Call to Action

• The Department of Health and Human Services (HHS) estimates that there are 708,842 healthcare provider organizations in the U.S. that may be impacted by the EFT & ERA Operating Rules (234,222 offices of physicians, 5,764 hospitals, 66,464 nursing and residential care facilities, 384,192 other providers, 18,000 independent pharmacies, and 200 pharmacy chains)

• Current usages of EFT by the healthcare industry is at 33% and will rise to 84% by 2023*

• Nearly 2 Billion** healthcare claims payments are on the path to being converted to ACH payments

• HIPAA covered entities and financial service providers need to be aware of their requirements today and future requirements to ensure a fluid transformation

* IFC Adoption of Operating Rules for Health Care Electronic Funds Transfers (EFT) and Remittance Advice Transactions – August 10, 2012

**Estimated 1.75B Private Sector claims payments, and 13M Medicare claims payments
Cost Savings to Healthcare Industry through Automation

- $11 billion could be saved annually through the use of ACH for medical payments
  - U.S. Healthcare Efficiency Index (www.ushealthcareindex.com)
- 10 to 12% of a physician practice’s annual revenue is spent on administrative costs
  - Compared to about 5 percent of annual revenue on accounts receivable for the U.S. retail sector
  - Billing and Insurance Related (BIR) Costs 2005 study
- $8.00 is the “system wide cost” of using paper checks for healthcare claim payments
  - 2007 analysis by McKinsey and Company
- $0.92 is saved by the U.S. government when an ACH payment is issued versus a paper check
  - U.S. Treasury, Financial Management Service
- $4.24 per transaction is saved by a health plan when ERA is used instead of paper remittance
  - IFC Adoption of Operating Rules for Health Care Electronic Funds Transfers (EFT) and Remittance Advice Transactions – August 10, 2012
**EFT and ERA Process Flow**

1. **Health Plan** creates the CCD+ and ERA.

2. The **Health Plan** creates the CCD+ and ERA.

3. The **Plan FI** sends the CCD+ Payment to the ACH Operator.

4. The **Provider FI** receives CCD+ & posts funds to Provider’s account.

5. The **Reassociation TRN segment** is sent to the Provider.

6. The **ERA (835) Remittance Advice** is sent from the Health Plan to the Provider through separate channel.

7. The Provider receives the ERA with the TRN Reassociation segment and must match it to the TRN Reassociation segment received from the RDFI.
Cross Industry Collaboration for EFT & ERA Operating Rules

• **CAQH CORE and NACHA: Healthcare and Financial Services Alignment**
  - Due to the mandated healthcare operating rules on EFT and the opportunities for the healthcare industry to transform the way payments are made, there is a convergence of financial services and healthcare
  - During the development of the CAQH CORE EFT & ERA Operating Rules, the CORE Participants identified key areas where either new or modified *NACHA Operating Rules* could address current issues in using the NACHA CCD+ when doing EFT healthcare payments over the ACH Network
  - The CAQH CORE EFT & ERA Operating Rules:
    • Build upon the HIPAA mandated *NACHA ACH CCD+ Standard*, in conformance with the NACHA Operating Rules, as the standard format for the healthcare EFT standard when EFT and ERA are sent separately
    • Created a thin layer of healthcare specific EFT operating rules that complement the existing *NACHA Operating Rules*, and address reassociation of EFT and ERA
  - Ongoing collaboration between CAQH CORE and NACHA including extensive education and outreach efforts
Healthcare EFT & ERA Standards + Operating Rules

**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**
- Health Care Claim Payment/Advice (835) Infrastructure Rule
- Uniform Use of CARCs and RARCs (835) Rule
- EFT & ERA Reassociation (CCD+/835) Rule
- EFT Enrollment Data Rule
- ERA Enrollment Data Rule

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

- NACHA as healthcare EFT SDO and ACH CCD+ as healthcare EFT standard
- CAQH CORE, in collaboration with NACHA, as author for EFT and ERA operating rules (pharmacy to be addressed as appropriate)

CMS announced CMS-0024-IFC is in effect adopting ACH CCD+ as healthcare EFT standard

CMS published an Interim Final Rule with Comment, CMS-0028-IFC, with the following features:

- Adopts Phase III CAQH CORE Operating Rules for the EFT and ERA transactions*
- CORE and NACHA resources to support industry implementation are under development

* CMS-0028-IFC adopts all CAQH CORE EFT & ERA Operating Rules with the exception of requirement 4.2 in CAQH CORE Rule 350 relating to acknowledgements.
Basics of the Healthcare EFT Standard
The Confluence of Health Care and Financial Services

• NACHA’s focus is supporting efficiency for payments and related information sent through banks from plans to providers
  – NACHA supports the Healthcare EFT Standard - the CCD+ working with CAQH CORE in development of the EFT/ERA Healthcare Operating Rules
ACH Network – Supporting EFT Payments

20B+ transactions with over $32T+ carried over the Network*

* 2011 full year estimates
ACH Operators Support 13,000+ Financial Institutions

The ACH Network is a virtual network – parties to the transactions are bound by legal agreements to the NACHA Operating Rules.

**NACHA Operating Rules**

- **The Clearing House**
- **ACH Network Operators**
- **Financial Institutions (ODFIs & RDFIs)**
- **Third party processors (Health care clearinghouse, service providers)**
- **Originators (Plans)**
- **Receivers (Hospitals, Dentists, Physician Groups)**
- **Third party processors (Health care clearinghouses, service providers)**
- **Originators (Plans)**
- **Receivers (Hospitals, Dentists, Physician Groups)**

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Healthcare EFT Standard - Final Rule

• Status:
  – January 10, 2012 the Department of Health and Human Services issued – Administrative Simplification: Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice as an Interim Final Rule (IFC) with 60 day comment period
    • Established a healthcare EFT standard
    • Established standard for remittance information
  – On July 10, 2012 HHS announce that after review of the 50 comments received no changes would be made to the IFC and the rule is now a final rule

• Key Contents:
  – Divided the ACH payment flow into three stages
    • Healthcare EFT Standard was identified as the NACHA CCD+Addenda for Stage 1 Payment Initiation only
  – Adoption of standard for data content of the Addenda Record of the CCD+Addenda
  – Allows for EFTs conducted outside the ACH Network
Three Stages of the Healthcare EFT Standard

“Health Care Electronic Funds Transfer and Remittance Advice Transaction”

Stage 1
Payment Initiation

Stage 2
Transfer of Funds

Stage 3
Deposit Notification

Health Plan → Their Bank

Plan sends CCD+ Format or Other Format by Agreement, including Reassociation TRN (Trace Number) Segment (ASC X12 835)

Their Bank → Their Bank

Healthcare Provider

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Healthcare Standard Final Rule: Standard for Data Content of Addenda Record

- Adoption of standard for data content of the Addenda Record of the CCD+Addenda must contain the TRN Reassociation Trace Number data segment as defined by X12 835 TR3 version 5010 (Implementation Guide)
Healthcare Standard Final Rule: EFTs Outside the ACH Network

• Allows for EFTs conducted outside the ACH Network:
  – The healthcare EFT standard does not apply to EFTs conducted outside the ACH Network
  – Final rule “neither prohibits nor adopts any standards for healthcare EFT transmitted outside the ACH Network”
  – References use of both wire transfer and card payments
  – BUT if a Provider requests use of the Healthcare EFT Standard the Health Plan or Third Party Provider must use the CCD+Addenda to deliver the claims reimbursement
CMS Frequently Asked Questions (07/12/12)

- Are HIPAA covered entities required to use the ACH Network to transmit and receive healthcare claim payments by electronic funds transfer (EFT)?
  - No. As of January 1, 2014, health plans and providers are not prohibited from using other networks such as Fedwire, card payment networks, etc. However, if a provider requests that a health plan conduct EFT using the ACH Network, the health plan is required to do so. Regardless of the network used, every effort should be made by the health plan to ensure that re-association between the payment and the remittance advice can be automated by providers.
Changes to the *NACHA Operating Rules* to Align with Healthcare

- Details within the *NACHA Operating Rules* and CCD+ Standard are being refined to align with Healthcare Operating Rules
  - The below changes will be effective September 20, 2013

<table>
<thead>
<tr>
<th>Overview of NACHA Rule Changes</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Identification of Health Care EFTs</strong></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><strong>Additional Formatting Requirements for Health Care EFTs</strong></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><strong>Delivery of Payment Related Information (Reassociation Number)</strong></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><strong>Addition of New EDI Data Segment Terminator</strong></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><strong>Health Care Terminology within the NACHA Operating Rules</strong></td>
<td>The rule includes healthcare-related definitions</td>
</tr>
</tbody>
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Overview of the
CAQH CORE EFT & ERA Operating Rules
ACA Mandated Operating Rules Compliance Dates: Required for all HIPAA Covered Entities

Implement by January 1, 2013
- Eligibility for health plan
- Claims status transactions

Implement by January 1, 2014
- Electronic funds transfer (EFT) transactions
- Health care payment and remittance advice (ERA) transactions

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
Mandated EFT & ERA Operating Rules: January 2014 Compliance Deadline

- **Status**: The second set of operating rules has been proposed for Federal regulation
  - August 2012 - CMS published an Interim Final Rule with Comment, CMS-0028-IFC, with the following features:
    - 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*
    - Covered entities must be in compliance by **January 1, 2014**
  - The interim final rule comment period closed on October 9, 2012
    - During the comment period CAQH CORE:
      - Developed a model comment letter for organizations to use as appropriate
      - Submitted a CAQH CORE comment letter

- **Next Steps for CAQH CORE**:  
  - Develop CAQH CORE resources to support industry implementation of the CAQH CORE EFT & ERA Operating Rules (in progress)
  - Launch formal CAQH CORE Code Combination Maintenance Process for the CORE-required Code Combinations for CORE-defined Business Scenarios for CAQH CORE Rule 360; for an overview of the Maintenance Process click HERE

*On September 22, 2011, NCVHS issued a letter recommending Acknowledgements be adopted as formally recognized standards and the CAQH CORE Operating Rules for these standards also be recognized.
## Mandated EFT & ERA Operating Rules: January 1, 2014 Requirements Scope

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

* CMS-0028-IFC excludes requirements pertaining to acknowledgements.
Problem Addressed & Key Impact

- Problem addressed by rule:
  - Providers do not receive uniform code combinations for same or similar business scenarios from all health plans; as a result, are unable to automatically post claim payment adjustments and denials accurately and consistently
  - Focus on minimum business scenarios with maximum set of code combinations targeting 80% of major provider usage problems/high volume code combinations
    - Without business scenarios and maximum set of code combinations, there are over 800 RARCs, approximately 200 CARCs and 4 CAGCs resulting in thousands of possible code combinations for review by providers

- Key impact:
  - Begins to address a significant industry challenge by addressing high-volume issues
  - Providers can more effectively use ERA data when definitions for claim payment adjustments or denials are consistent across all health plans, resulting in better revenue cycle and cash flow management
  - Providers can more effectively obtain payment from patients, more quickly generate cross-over claims to other payers, and reduce open accounts receivable
  - Requires more focus on the use of standard codes (not proprietary codes)
CAQH CORE Uniform Use of CARCs & RARCs (835) Rule
Scope & High-level Rule Requirements

- Scope of the rule:
  - Applies to entities that use, conduct or process the X12 v5010 835 transaction

- High-level rule requirements:
  - Identifies *minimum* set of four CORE-defined Business Scenarios with *maximum* set of code combinations to convey claim denial/adjustment details (codes in separate document):

<table>
<thead>
<tr>
<th>CORE-defined Business Scenario</th>
<th>Total CORE-required Code Combinations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scenario #1: Additional Information Required – Missing/Invalid/Incomplete Documentation</td>
<td>Includes approximately 160 code combinations</td>
</tr>
<tr>
<td>Scenario #2: Additional Information Required – Missing/Invalid/Incomplete Data from Submitted Claim</td>
<td>Includes approximately 300 code combinations</td>
</tr>
<tr>
<td>Scenario #3: Billed Service Not Covered by Health Plan</td>
<td>Includes approximately 375 code combinations</td>
</tr>
<tr>
<td>Scenario #4: Benefit for Billed Service Not Separately Payable</td>
<td>Includes approximately 35 code combinations</td>
</tr>
</tbody>
</table>

- Establishes maintenance process to review and update CORE-required Code Combinations
- Enables health plans and PBM agents to:
  - Use new/adjusted codes with CORE-defined Business Scenarios prior to QI review
  - Develop additional, non-conflicting business scenarios when CORE-defined Business Scenario do not meet business needs
- Identifies applicable CORE-defined Business Scenarios for retail pharmacy
CAQH CORE EFT Enrollment Data Rule

Problem Addressed & Key Impact

• Problem addressed by rule:
  – Separate, non-standard provider EFT enrollment required by health plans; key elements excluded from many enrollment forms include those:
    • With a strong business need to streamline the collection of data elements (e.g., TIN vs. NPI provider preference for payment)
    • Essential for populating the ACH CCD+ Standard and the ASC X12 v5010 835

• Key impact:
  – Simplifies provider EFT enrollment by having health plans collect the same consistent data from all providers – mitigates hassle factor for providers when enrolling in EFT with multiple health plans and addresses existing issue that many elements needed for EDI aren’t collected, e.g., requires health plans to support electronic collection of data (paper can continue)
  – Addresses situations where providers outsource financial functions
  – Enables health plans to collect standardized data for complex organizational structures and relationships, e.g., retail pharmacy chains
CAQH CORE EFT Enrollment Data Rule
Scope & High-Level Rule Requirements

• Scope of the rule:
  – Applies to entities that enroll providers in EFT
  – Outlines what is out of scope for the rule, e.g., the collection of data for other business purposes and how health plans may use or populate the enrollment data

• High-level rule requirements:
  – Identifies a maximum set of approximately 70 standard data elements for enrollment; with related data elements grouped into 8 Data Element Groups (DEGs)
    • Includes a DEG specific to retail pharmacy information
  – Outlines a strawman template for paper and electronic collection of the data elements
  – Should a health plan decide to have a combined EFT/ERA form or other combined enrollment form, the CORE-required data elements for EFT enrollment, including terminology, must be included in the combined form
  – Requires health plan to offer electronic EFT enrollment
    • A specific electronic method is not required
  – Identifies that a process will be used to review the maximum data element set on an annual or semi-annual basis to meet emerging or new industry needs
CAQH CORE ERA Enrollment Data Rule
Problem Addressed & Key Impact

• Problem addressed by rule:
  – Separate, non-standard provider ERA enrollment required by health plans; key elements excluded from many enrollment forms include those:
    • With a strong business need to streamline the collection of data elements (e.g., preference for aggregation of remittance data – TIN vs. NPI)
    • Essential for populating the ACH CCD+ Standard and the ASC X12 v5010 835

• Key impact:
  – Simplifies provider ERA enrollment by having health plans and their agents to collect the same consistent data from all providers – mitigates hassle factor for providers when enrolling in ERA with multiple health plans and addresses existing issue that many elements needed for EDI aren’t collected, e.g., requires health plans to support electronic collection of data (paper can continue)
  – Addresses situations where providers outsource financial functions
  – Enables health plans and their agents to collect standardized data for complex organizational structures and relationships, e.g., retail pharmacy chains
CAQH CORE ERA Enrollment Data Rule
Scope & High-Level Rule Requirements

• Scope of the rule:
  – Applies to entities that enroll providers in ERA
  – Outlines what is out of scope for the rule, e.g., the collection of data for other business purposes and how health plans may use or populate the enrollment data

• High-level rule requirements:
  – Identifies a maximum set of approximately 65 standard data elements for enrollment; with related data elements grouped into 10 Data Element Groups (DEGs)
    • Includes a DEG specific to retail pharmacy information
  – Outlines a strawman template for paper and electronic collection of the data elements
  – Should a health plan decide to have a combined EFT/ERA form or other combined enrollment form, the CORE-required data elements for ERA enrollment, including terminology, must be included in the combined form
  – Requires health plan to offer electronic ERA enrollment
    • A specific electronic method is not required
  – Identifies that a process will be used to review the maximum data element set on an annual or semi-annual basis to meet emerging or new industry needs
Problem Addressed & Key Impact

- **Problem addressed by rule:**
  - Challenges with provider reassociation of *remittance* data to *payment* data because necessary data provider requires are incorrect, missing, not available, or have not been requested on the two transactions in a way that is meaningful to the provider or its financial institution.

- **Key impact:**
  - Coordinates healthcare and financial services industry
    - When receipt of payment occurs with minimal elapsed time between receipt of remittance advice, providers can more quickly match payments with data and post to patient accounts on a more timely basis.
  - Provides assurance that trace numbers between payments and remittance can be used by providers.
  - Reduces level of open accounts receivable by enabling provider to generate cross-over claims to other payers and to collect payment from patient.
  - Enables provider to more quickly address denials or appeal adjustments to claim amount.
CAQH CORE EFT & ERA Reassociation (CCD+/835) Rule
Scope & High-Level Rule Requirements

• Scope of the rule:
  – Applies to entities that use, conduct or process X12 v5010 835 and ACH CCD+ transactions

• High-level rule requirements:
  – Addresses provider receipt of CORE-required Minimum ACH CCD+ Data Elements (e.g., Effective Entry Date, Amount, Payment Related Information) required by providers for successful reassociation
  – Addresses elapsed time between sending of X12 v5010 835 and ACH CCD+ transactions
    • Medical: Health plan must release for transmission to provider the X12 v5010 835 corresponding to the ACH CCD+ no sooner than three business days prior to ACH CCD+ Effective Entry Date & no later than three business days after ACH CCD+ Effective Entry Date
    • Retail pharmacy: Health plan may release for transmission X12 v5010 835 any time prior to the ACH CCD+ Effective Entry Date of corresponding EFT and no later than three days after ACH CCD+ Effective Entry Date
  – Outlines requirements for resolving late/missing EFT and ERA transactions
  – Recognizes the role of NACHA Operating Rules for financial institutions and potential changes to the NACHA Operating Rules
CAQH CORE Claim Payment/Advice (835) Infrastructure Rule

Problem Addressed & Key Impact

• Problem addressed by rule:
  – HIPAA provides a foundation for the electronic exchange of claim payment information, but does not provide infrastructure to promote the move from today’s paper-based system to an electronic, interoperable system

• Key impact:
  – Enables providers, health plans and intermediaries to extend and leverage investment in connectivity infrastructure by requiring support of Phase II CAQH CORE Connectivity Rule 270 version 2.2.0
  – Continues to build on Phase I/II use of CAQH CORE Master Companion Guide Template so that providers can quickly find details necessary for the exchange of the X12 v5010 835
  – Reduces probability that providers will discontinue receipt of X12 v5010 835 due to system issues for effective use of remittance advice data to post to patient account
CAQH CORE Claim Payment/Advice (835) Infrastructure Rule
Scope & High-Level Rule Requirements

• **Scope of the rule:** Applies to entities that use, conduct or process the v5010 835 transaction
• **High-level rule requirements:**
  – Specifies use of the CAQH CORE Master Companion Guide Template for flow and format of such guides
  – Requires entities to support Phase II CAQH CORE Connectivity Rule 270
  – Includes batch acknowledgement requirements*
    • Requirements place parallel responsibilities on both senders and receivers of the X12 v5010 835 for sending and accepting X12 v5010 999 Acknowledgements to assure transactions are accurately received and facilitate health plan correction of errors in outbound transactions
  – Addresses health plans’ dual delivery of the X12 v5010 835 and proprietary remittance advices
    • Addresses the need of providers to continue to receive proprietary remittance advice and the X12 v5010 835 concurrently so that the provider can effectively migrate to the X12 v5010 835 alone (31 days/ 3 payment cycles)
  – Rule explicitly states the above rule requirements do not apply to retail pharmacy; rule references the NCPDP Connectivity Rule Version 1.0 which is aligned with the CAQH CORE Connectivity Rule for use with retail pharmacy

* CMS-0028-IFC adopts all CAQH CORE EFT & ERA Operating Rules with the exception of requirement 4.2 in CAQH CORE Rule 350 relating to acknowledgements.
Question & Answer Session

Please submit your question:

• **By Phone**: Press * followed by the number one (1) on your keypad
• **Via the Web**: Enter your question into the Q&A pane in the lower right hand corner of your screen
Implementation Resources and Tools
Collaboration
...a catalyst for improved efficiencies and innovation.

Healthcare legislation will impact every financial institution in the United States. NACHA is working in partnership with CAGH CORE to help improve the efficiency and processing of healthcare payments and remittance information. U.S. healthcare expenditures accounted for 17.6 percent of the U.S. GDP in 2009. Today 20 to 40 cents of each healthcare dollar is spent on administrative costs. Healthcare legislation and Administrative Simplification can help to reduce that amount.

Financial Institutions

Collaboration

Healthcare Entities
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 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](http://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.
  – [https://healthcare.nacha.org/ACHprimer](https://healthcare.nacha.org/ACHprimer)

• Ongoing Education and Webinars
  – Check the Healthcare Payments Resource Website for “Events and Education”
CAQH CORE Implementation Resources

• CAQH CORE is:
  – Working with CAQH CORE-authorized testing entity Edifecs on CORE Certification Test Site
  – Developing FAQs based on lessons learned in CORE rule writing and questions received through CAQH CORE Request Process
  – Drafting Analysis & Planning Guide for Adopting the CAQH CORE EFT & ERA Operating Rules
  – Launching education sessions with key partners
  – Welcoming suggestions for additional implementation tools, please email core@caqh.org
CAQH CORE Upcoming Education Programs

- View the upcoming Free CAQH CORE Education Events
  - CAQH CORE Town Hall Call – December 11, 2012
  - Other joint CAQH CORE Education Sessions
    - InstaMed, “Working with Trading Partners”, Tuesday, December 4, 2012 | 2:00pm – 3:00pm ET
    - “Ask Any Question: Open Mic Q&A”, December (date To be Announced; will include CMS OESS as a panelist)
    - CORE Open Mic Session - Infrastructure Operating Rules, Wednesday, December 12, 2012 | 2:00pm - 3:30pm ET
    - NeHC, Tuesday, December 18, 2012 | 3:00pm - 4:30pm ET