A Collaboration between Healthcare and Financial Services: Electronic Funds Transfer and Healthcare Payment and Advice

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WEDI Educational Webinar

Today’s Learning Objectives

- Summarize the EFT and ERA operating rules mandate outlined in Section 1104 of the ACA
- Describe how CORE participants are working together to develop a fully vetted set of healthcare EFT and ERA operating rules for consideration by NCVHS
- Provide examples of how and why operating rules build on standards such as those under HIPAA and the NACHA ACH CCD+ standard
- Highlight how providers can use EFT payments to reduce costs and avoid the risk of lost or stolen checks, and explain how complementary healthcare and financial industry operating rules may enhance this process
Agenda

- Overview of CORE and NACHA
- Operating Rules
- Administrative Simplification: ACA Section 1104
- Montefiore Medical Center: A Phase II CORE-Certified Provider
- EFT and ERA Operating Rules: CORE Rule Development Activities
- Make Electronic Funds Transfer Work for You

Introduction to CAQH® and Its Initiatives

CAQH is a catalyst for industry collaboration on initiatives that simplify healthcare administration for health plans and providers, resulting in a better care experience for patients and caregivers

Industry-wide stakeholder collaboration to facilitate the development and adoption of industry-wide operating rules for administrative transactions.
- More than 120 participating organizations, covering all segments of the industry; includes SDOs, government, health plans, providers, vendors, associations, etc.
- The health plans represent approximately 75 percent of the commercially insured.

An industry utility that replaces multiple health plan paper processes for collecting provider data with a single, electronic, uniform data-collection system (i.e. credentialing).
- Over 900,000 provider participant and over 550 organizations work with the system, including a range of public and private entities.
CORE Mission and Status

- **CORE Mission**: To build consensus among healthcare industry stakeholders on a set of operating rules that facilitate administrative interoperability between health plans and providers
  - Enable providers to submit transactions from system of their choice (*vendor agnostic*) & quickly receive a standardized response from any participating stakeholder
  - Facilitate administrative and clinical data integration
- CORE has been authoring operating rules on a voluntary basis since 2005 as well as a certification process for plans, vendors and large providers
- The National Committee on Vital and Health Statistics (NCVHS) has recommended* CAQH CORE as a qualified nonprofit entity to author operating rules for:
  - Eligibility and Claims Status transactions (non-retail pharmacy)
  - Electronic Funds Transfer (EFT) and Electronic Healthcare Payment and Remittance Advice (ERA); in collaboration with NACHA – The Electronic Payments Association

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NACHA

- Is a non-profit association and private sector rulemaking body for the financial industry
  - Develops and enforces the NACHA Operating Rules, which focuses on EFT
  - Supports the growth of the ACH Network* by managing its development, administration and governance
- Is not an ACH Operator – does not process transactions
- NACHA Operating Rules are the legal framework for the ACH Network
- Administers the ACH Network – the secure electronic network for the direct transfer of funds and data from one depository institution account to another
  - Accessible by more than 14,000 U.S. banking institutions
  - Processed 19.4 billion ACH payments worth $31.7 trillion in value in 2010
- The National Committee on Vital and Health Statistics (NCVHS) has identified NACHA as the standards development organization for maintenance of the healthcare EFT standard

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* The ACH Network is a batch processing, electronic payments system governed by The NACHA Operating Rules, which provides for the interbank clearing of electronic payments for participating depository financial institutions
CORE and NACHA Collaboration on Operating Rules

- CORE has collaborated with NACHA since 2005
  - NACHA membership and CORE participants represent critical market mass
- CORE and NACHA: Rule writing partnership
  - Due to the mandated healthcare operating rules on ERA and EFT, there is a convergence of financial services and healthcare so the partnership has pursued additional activities, e.g., extensive research on EFT and ERA rule opportunity areas
  - Where appropriate, CORE will write a thin layer of healthcare EFT operating rules that will complement the existing NACHA Operating Rules, e.g., timing of the delivery of the EFT and ERA
- The two organizations are also conducting joint outreach and education

Operating Rules
CORE Scope: What are Operating Rules?

- As defined in the Patient Protection and Affordable Care Act, the term refers to "the necessary business rules and guidelines for the electronic exchange of information that are not defined by a standard or its implementation specifications."
- Prior to CORE, national operating rules did not exist in healthcare outside of individual trading relationships.
- Operating rules encourage an interoperable network and, thereby, can allow providers to use the system of their choosing (remaining vendor agnostic is a key CORE principle).

Operating Rules and Standards Work in Unison:
Both are Essential

- Operating rules should always support standards – they already are being adopted together in today’s market.
- Benefits of operating rules co-existing and complementing standards are evidenced in other industries:
  - Various sectors of banking (e.g., credit cards & financial institutions)
  - Different modes of transportation (e.g., highway & railroad systems)
- Current healthcare operating rules build upon a range of standards:
  - HIPAA standards, e.g., require non-mandated aspects of v5010 ASC X12 given data such as in/out of network patient responsibility is critical to administrative simplification
  - Non-HIPAA healthcare standards, e.g., ASC X12 acknowledgements
  - Industry neutral standards, e.g., SOAP and WSDL
- Scope between rules and standards will be iterative as already demonstrated: Items required by the rules will, in some instances, be moved into the next version of a standard and removed from rules, e.g.,
  - ASC X12 v5010 includes some CORE Phase I data content requirements and thus in Jan 2012 CORE rules will no longer require these elements, e.g., status of coverage for a specific benefit.
CORE Rules Development / Implementation Approach

- Rules complement each other
- Phases establishes milestones that encourage feasible progress in resolving industry business needs while minimizing barriers to adoption

- Eligibility (270/271)
- Claim Status (276/277)*
- Payment/Advice (835)*
- Authorization (278)*
- Health ID Cards*

- Connectivity (i.e., communications protocol, security)
- Acknowledgements
- Response Time
- System Availability
- Companion Guide (flow and format)
- AAA Error Code Reporting and Last Name Normalization

* Part of draft Phase III Operating Rules

Administrative Simplification: ACA Section 1104
Setting the Context

- **HIPAA v5010**: January 2012 – Deadline for health plan and provider systems
- **ICD-10**: October 1, 2013 – Deadline for health plan and provider systems
- **The American Recovery and Reinvestment Act (ARRA) Health Information Technology (HITECH) Act**:
  - A Nationwide Health Information Network (NHIN)
  - State-based decisions on the role of administrative data in Health Information Exchanges (HIEs) and Medicaid (requires connectivity of NHIN)
  - Providers financial incentives for “Meaningful Use” of HIT via Certified EMRs
- **The Patient Protection and Affordable Care Act (ACA)**: Through 2017
  - Operating rules for administrative transactions
  - Medical loss ratios (MLRs): small group health plans must limit administrative costs to 20 percent and large groups to 15 percent

Administrative Simplification: ACA Section 1104

**Section 1104 of the ACA (H.R.3590)**
Requires the Department of Health and Human Services (HHS) to appoint a “qualified non-profit entity” to develop a set of operating rules for the conduct of electronic administrative healthcare transactions

**Highlights**
- Administrative and financial standards and operating rules must:
  - Enable the determination of eligibility and financial responsibility for specific services prior to or at the point of care
  - Be comprehensive, requiring minimal augmentation
  - Provide for timely acknowledgment, response, and status reporting
  - Describe all data elements in unambiguous terms, require that such data elements be required or conditioned upon set values in other fields, and prohibit additional conditions
- Health plans must file a statement with HHS confirming compliance; financial penalties for health plans are significant
Mandated Operating Rule Approach

Operating rule writing and mandated implementation timeframe per ACA legislation

Adoption deadlines to finalize operating rules

- July 2011: Eligibility and Claim Status
- July 2012: Claims payment/advise and electronic funds transfer (plus health plan ID)
- July 2013: 2013 Enrollment, Referral authorization, attachments, etc.
- January 2014
- January 2015
- January 2016

Effective dates to implement operating rules

Notes:
1. Per statute, documentation of compliance may include completion of end-to-end testing (i.e., certification and testing).
2. NCVHS is the body designated by HHS to make recommendations regarding the operating rule authors and the operating rules.

Section 1104: Current Milestones of Electronic Funds Transfer (EFT) & Electronic Remittance Advice (ERA)

Status
- In December 2010, three organizations proposed to be authors for the ACA EFT and ERA operating rules including CAQH CORE; ten organizations provided testimony regarding next steps for EFT and ERA operating rules:
  - Majority of the testifiers expressed similar recommendations
- CAQH CORE and NACHA proposed to work in collaboration to meet the needs of the ACA for EFT and ERA
  - Healthcare and financial industry operating rules would complement one another
- February 17, 2011: NCVHS recommended NACHA as healthcare EFT SDO and its ACH CCD+ format
- March 23, 2011: NCVHS recommended CAQH CORE be the authoring entity in collaboration with NACHA
  - Fully vetted rules to be submitted to NCVHS by August 1, 2011
  - CAQH CORE to establish mechanisms for greater direct engagement of SDOs, and broader provider participation
  - Clarify the scope, focus, and limitations between operating rules and standards
- April - August 2011: CORE EFT & ERA Operating Rule development via the EFT & ERA Subgroup and Rules Work Group

December 2010: NCVHS Subcommittee on Standards held Hearings on EFT and ERA; Authoring entity applications due Jan. 31, 2011

Feb. 9 & 10, 2011: NCVHS Full Committee Meeting to discuss applications and issuance of NCVHS recommendations to HHS in February and March

2011: CMS will move forward informed by ongoing NCVHS recommendations

July 2012: ERA and EFT Rule Adoption Deadline
**Preparation for Mandated Operating Rules:**
CORE EFT and ERA Rules Development

- CORE, in collaboration with NACHA, has convened a Subgroup pursuant to NCVHS' letter of direction to produce a fully vetted set of EFT and ERA operating rules for consideration by August 2011
  - Subgroup meets weekly and is comprised of CORE participating organizations; EFT and ERA Subgroup reports to the CORE Rules Work Group
    - EFT rule development focus
      - Create a thin layer of healthcare specific EFT operating rules that complements the existing NACHA Operating Rules, and address reassociation of ERA and EFT
      - Builds upon the NACHA ACH CCD+ Standard*
    - ERA rule development focus
      - Identify priority rule areas, rule options, and detailed rule requirement via research review, surveys, feedback on findings, etc., including reassociation of ERA and EFT
      - Builds upon the v5010 ASC X12 835 Payment/Remittance Advice standard
  - CORE Operating Rules for EFT and ERA
    - Will build upon existing CORE operating rules, including draft ERA infrastructure rules
    - Will support existing standards and consider business rules that are unique or intrinsic to healthcare claim payment transactions

* NACHA ACH CCD+ Standard is an ACH standard for EFT. CCD is a Corporate Credit or Debit entry which is used to make/receive payments between two organizations.

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**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

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* NCVHS recommended standard, see February 17, 2011 NCVHS Recommendation to HHS Secretary
EFT and ERA: Operating Rules Build On Standards

- NCVHS has recommended that HHS adopt the NACHA ACH CCD+ format, in conformance with the NACHA Operating Rules, as the standard format for the healthcare EFT standard when EFT and ERA are sent separately*

- *NACHA ACH CCD+ Standard is an ACH standard for EFT. CCD is a Corporate Credit or Debit entry which is used to make/collect payments to/from corporate organizations

- ERA operating rules build upon the existing HIPAA-adopted ASC X12 005010X221 Health Care Claim Payment/Advice (835) Technical Report Type 3

- Operating Rules can address gaps in standards, such as additional content available by using standard but not required, or identify infrastructure needed to ensure electronic transaction flow among standards

* NCVHS recommended standard, see February 17, 2011 NCVHS Recommendation to HHS Secretary

Montefiore Medical Center:
A Phase II CORE-Certified Provider
About Montefiore Medical Center

- Montefiore healthcare delivery system offers a full range of healthcare services (preventive, primary, specialty, acute and post-acute) to nearly 2 million people
- As a tertiary care referral center Montefiore’s registration, insurance verification, billing and collections systems support advanced care services in numerous specialties, including cardiology and cardiac surgery, cancer care, children’s health, tissue and organ transplantation, women’s health, surgery and surgical subspecialties
- Montefiore Medical Center utilization profile includes:
  - 3 Hospitals supporting more than 65,000 inpatient stays annually
  - 2.5 million outpatient visits per year in ER, outpatient, primary and specialty care
  - Payer mix – 70% Medicare/Medicaid, 25% Commercial, 5% other/non-insured
- Ranks among the top one percent of all U.S. hospitals in medical innovation and technology; in-house technology subsidiary

Montefiore: A Leader in Administrative Simplification

- An early adopter: Phase II CORE-certified provider
- Chair CORE Rules Work Group and Claim Status Subgroup
- Testified several times to the NCVHS
- The vision at Montefiore is to create a NO-TOUCH revenue cycle through the use of standardized, robust and uniform HIPAA transactions
- Montefiore has the ability to submit and receive all named HIPAA transactions
  - Employs 1500 physicians (service providers) for which the medical center performs revenue cycle functions
  - Annual cash collections ~1.8 billion dollars, achieved by a team of 400 FTEs distributed across patient registration, insurance verification, billing and reimbursement
ERA and EFT: Provider Challenges

- Electronic Remittance Advice
  - Enrollment process varies by payer; time consuming
  - The non-uniform use of claim adjustment reason codes (CARC) and remittance advice remark codes (RARC) requires more manual oversight; if used consistently workflow can be automated
  - Facilitating the transition from paper remit (e.g., dual delivery period)

- Electronic Funds Transfer
  - Enrollment process varies by payer; time consuming
  - Payment not always paid to appropriate identifier (i.e., TIN and/or NPI)
  - Entity funding payment not always clear

- Reassociation of EFT and ERA
  - Necessary data required by the provider may be incorrect, missing or not available, e.g., correct ASC X12 trace numbers
  - Elapsed time between receipt of EFT and ERA

EFT and ERA: Critical Success Factors

- Collaboration among all stakeholders, including financial institutions
  - EFT and ERA operating rules represent convergence of healthcare and financial industries
  - Must be consensus-based and transparent

- Providers are the end-users and so their input and participation is critical e.g.,
  - Provider input during draft CORE Phase III Payment Advice/Remit (835) rule led to a requirement that health plans continue to deliver paper remit along side ERA for a specified period of time

- Role of vendors important
  - Most providers will rely on automated solutions from PMS/HIS vendor
  - Maximum benefit of CORE rules can only be realized through end-to-end certifications
# EFT and ERA Subgroup: Rules Development Activities

## EFT & ERA Operating Rules: High Level Scope

<table>
<thead>
<tr>
<th>ERA Focused</th>
<th>In Scope</th>
<th>Out of Scope</th>
</tr>
</thead>
</table>
| Operating rules that build on the ASC X12 v5010 835 TR3 by:  
  • Clarifying ambiguity  
  • Filling gaps  
  • Building on data content specifications | X | |
| Operating rules that duplicate or conflict with the requirements of the ASC X12 v5010 835 TR3 (e.g., balancing, etc.) | X | |

<table>
<thead>
<tr>
<th>EFT Focused: Thin Layer of Healthcare Operating Rules on EFT</th>
<th>In Scope</th>
<th>Out of Scope</th>
</tr>
</thead>
</table>
| Operating rules that build on the ACH CCD+ standard for EFT by:  
  • Clarifying ambiguity  
  • Filling gaps  
  • Building on data content specifications | X | |
| Operating rules that duplicate or conflict with the requirements of the NACHA Operating Rules or the ACH CCD+ standard | X | |
| Operating rules for the ACH CTX standard for EFT (given NCVHS recommendation for CCD+ and timeline) | X | |
| Operating rules related to the ACH Network and/or connectivity from one depository institution account to another within the ACH Network | X | |

<table>
<thead>
<tr>
<th>EFT &amp; ERA Focused</th>
<th>In Scope</th>
<th>Out of Scope</th>
</tr>
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<tbody>
<tr>
<td>Potential operating rules addressing infrastructure (e.g., acknowledgements)</td>
<td>X</td>
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</tbody>
</table>
CORE Process for Evaluation of EFT and ERA Rule Opportunity Areas

Identify and agree on potential Rule Opportunity Areas

Review and agree on evaluation criteria

Prioritize Rule Opportunity Areas using evaluation criteria

Present “top” Rule Opportunity Areas to Rules Work Group

Consider existing industry efforts and applicability to CORE EFT and/or ERA operating rules and align wherever possible, e.g.,
- CAQH CORE and NACHA research and existing CORE rules
- WEDI White Papers
- ASC X12
- Utah Health Information Network (UHIN)
- Minnesota State Administrative Uniformity Committee
- Washington State Healthcare Forum
- Previous NY effort, LINXUS
- Others? (If there are other industry efforts to be considered please contact CAQH CORE staff)

Rule Opportunity Area evaluation criteria:
- Within scope of the operating rules as defined by ACA Section 1104
- Support CORE Guiding Principles, e.g., align with Federal HIT efforts
- Balance between anticipated industry benefit relative to the industry adoption cost (ROI)
- Can be developed within the NCVHS time frame (08/01/11 deadline)

High Priority Rule Opportunity Areas

Survey Results

Five Rule Opportunity Areas ranked as “High Priority” by >65% of respondents:
- Identify a set of data elements required for a standardized healthcare EFT enrollment
- Uniform use of CARCs and RARCs (reconfirmed)
- Require the accurate identification of the health plan making the EFT payment or the funding of the payment by the health plan through a third party
- Develop operating rules that address the elapsed time between sending of both EFT and ERA by payers and receipt of both EFT and ERA by payees
- Enable providers to specify preference for EFTs and ERAs to be based on Tax Identification Number (TIN) or National Provider Identifier (NPI) to ensure payment gets deposited to correct bank account and the correct posting to accounts receivable

Survey Comments

Survey comments supported two new Rule Opportunity Areas not previously included in survey:
- Apply findings of a crosswalk of the ACH CCD+ standard and the ASC X12 v5010 835 Table 1 data elements
- Identify a set of data elements required for a standardized healthcare ERA enrollment

Subgroup Agreement on Top Seven “High Priority” Rule Opportunity Areas to Pursue for Rule Development
(Over 115 organizations responded to survey)
**Key Milestones for Operating Rule Development**

<table>
<thead>
<tr>
<th>Milestone Number</th>
<th>Milestone Description</th>
<th>Example: CARC and RARC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Done)</td>
<td>Agreement on High Priority Rule Opportunity Areas</td>
<td>Address uniform use of CARCs and RARCs*</td>
</tr>
<tr>
<td>2 (Done; with two areas having final option selected AFTER research/detail requirement review)</td>
<td>Agreement on a CORE Rule Option/Approach to address each High Priority Rule Opportunity Area</td>
<td>Address uniform use of CARCs and RARCs through a targeted set of common or problematic business scenarios with a minimum specified set of commonly used code combinations (1 of 4 potential identified approaches)</td>
</tr>
<tr>
<td>3 (In-process)</td>
<td>Agreement on detailed Rule Requirements for each CORE Rule Option/Approach</td>
<td>Develop list of the specific business scenarios and code combinations to be addressed in an operating rule to address uniform use of CARCs and RARCs by building on existing efforts (e.g. WEDI, Washington State, CMS, MN, etc.). Findings from detailed research help drive requirements.</td>
</tr>
<tr>
<td>4 (Two draft rules being reviewed by Subgroup)</td>
<td>Draft operating rule for straw poll and adjust for Rules Work Group Review</td>
<td>Develop formal CORE Operating Rule for review by Rules Work Group Ballot that details requirements for use of problematic business scenarios with a minimum specified set of commonly used code combinations to address uniform use of CARCs and RARCs; addressed roles of entities, in-scope, out of scope, etc.</td>
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</tbody>
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* Claim adjustment reason codes (CARC) and remittance advice remark codes (RARC)

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**Example: Rule Options/Approaches**

- Rule options being considered by Subgroup for high priority area: *Identify a set of data elements required for a standardized healthcare EFT enrollment*
  - Option A: Create a rule defining a **maximum set of data elements allowed AND a uniform template/form for the collection of data** for EFT enrollment that enables effective and efficient enrollment of a provider or its agent to establish claim payments via EFT with any health plan or payer which does not permit inclusion of additional data elements
  - Option B: Create a rule defining a **minimum set of data elements** required for EFT enrollment, which permits inclusion of additional data elements
  - Option B1: Create a rule defining a **minimum set of data elements required AND a straw man template/form for the collection of data** for EFT enrollment which permits inclusion of additional data elements
- Select final rule option after reviewing detailed research findings and discussing findings in relation to evaluation criteria specific to area, e.g.
  - Quantitative, e.g., comparison of elements/terms across 50+ forms as well as existing market research done by other organizations
  - Qualitative, e.g., business need to streamline the collection of data elements (e.g., TIN vs. NPI provider preference), essential data for populating the ACH CCD+ standard and the ASC X12 v5010 835
Example of Research Findings: Crosswalk of ASC X12 835 to ACH CCD+

- Reassociation of remittance advice data to healthcare claims payment data has been identified as a significant problem for providers
- Subgroup, with support from NACHA and CAQH CORE staff, mapped common data between the ASC X12 v5010 835 Table 1 data elements and the ACH standard CCD+ fields; goal was to identify how to harmonize the standards
- To date, crosswalk findings have shown that three CCD+ data fields are essential to reassociation

<table>
<thead>
<tr>
<th>Minimum Reassociation Data Elements</th>
<th>Corresponding v5010 835 Data Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCD # Record</td>
<td>Field #</td>
</tr>
<tr>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
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<td>7</td>
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- Crosswalk also identified several opportunities for industry education on what BOTH standards are already capable of doing, and what BOTH already require

Example of Research Findings: Crosswalk of ASC X12 835 to ACH CCD+ (cont’d)

- When the correct ASC X12 835 EFT Reassociation Trace Number is sent within the ACH CCD+, providers are able to ‘reassociate’ funds which travel separately from the ERA with the remittance advice information in the v5010 835 transaction
- Many of the reported industry problems result from the lack of a correct ASC X12 EFT Reassociation Trace Number accompanying the EFT payment. Problems occur when, e.g.
  - ASC X12 EFT Reassociation Trace Number is placed in the wrong field
  - Providers have not asked its financial institution to provide the correct reassociation trace number
- The ACH CCD+ Addenda Record Payment Related Information field must contain the complete ASC X12 TRN Reassociation Trace Number Segment
- Cross-industry discussion point: Given NACHA rules address financial institutions, ensure CORE Operating Rules and NACHA Operating Rules are aligned as is provider education
Make Electronic Funds Transfer Work for You

Priscilla C. Holland, AAP, CCM
Senior Director, Healthcare Payments
NACHA, The Electronic Payments Association

What is Electronic Funds Transfer (EFT)?

Electronic Funds Transfer (EFT) is the electronic exchange or transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems.
Examples of EFT Payments

- Examples include:
  - Cardholder-initiated transactions
  - Direct Deposit or Direct Payment via the ACH Network
  - Electronic bill payment in online banking, which may be delivered by EFT or check

EFT: Payment Standard for Healthcare Providers

- As noted earlier, The National Committee on Vital and Health Statistics (NCVHS) has formally:
  - Recommended that the ACH CCD+ transaction be used by health plans as the standard for payments to healthcare providers*
  - Identified NACHA as the standards development organization for maintenance of the healthcare EFT standard

*Recommendation letter from NCVHS to Secretary of HHS dated February 17, 2011
Direct electronic movement of money and related information

NACHA Operating Rules Establish a Legal Framework for the ACH Network

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NACHA Operating Rules

- Provide a common set of rules that applies to entries flowing between ACH participants – thereby establishing interoperability
- Prescribe the roles and responsibilities of parties to the transaction through a flow of warranties
- Describe different types of transactions (defined by “SEC Codes”) and the specific requirements each type incurs
- Provide formatting requirements and specifications
- The NACHA Operating Rules also address:
  - Third party service providers
  - Addenda records
  - OFAC compliance
  - Audit controls and compliance
  - National System of Fines
  - Arbitration and compensation
  - Automated enrollment
  - International ACH transactions

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EFT Healthcare Credit Payment
ACH Participant Responsibilities

Originator (Health Insurers)
- Maintains relationship with the receiver
- Maintains record of authorization for entry
- Assigns entry type to each entry (debit or credit and SEC code)
- Transmits entry information to the ODFI

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

ACH Operator
- Maintains contractual relationship with ODFI and RDFI
- Receives entries from ODFI and transmits entries to RDFI

Currently Two ACH Operators
- Federal Reserve
- Private-sector Operator
  The Clearing House

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

Receiver (Physician Practices)
- Maintains relationship with Originator
- Maintains a checking/savings account at the RDFI
EFT Benefits to Physician Practices

• Faster payments
  – Payments are prompt (many prompt-payment laws governing electronic claims require payment in 15 or fewer days)
  – Department of Veterans Affairs documents a 71% time improvement from claims submission to EFT receipt and expenses savings of 64% of accounts receivables tasks*
• Decreased processing costs
  – Companies report savings of more than $0.40 in processing costs for each paper check that is changed to an EFT

* Department of Veterans Affairs, April 2006 presentation at NACHA PAYMENTS Conference.

EFT Benefits to Physician Practices

• No risk of paper checks being lost or stolen
  – Funds automatically deposited to checking or savings accounts
  – Improved access to funds
• Automated data entry and reporting – improved accuracy
• Better management of claims denials
Receiving EFT/ACH Payments

- Enrollment with the health insurers
  - Authorization agreements (All ACH credits and debits must be authorized by receiver)
    - Provide bank routing number and account number
    - Authorize ability to reverse duplicate or erroneous credits (Reversals are processing errors, not accounting errors)
    - Include how to terminate EFT payment process

Receiving EFT/ACH Payments

- Unauthorized debit transactions
  - Fraudulent/unauthorized debits — may be returned to originator IF you notify your bank within the specified timeframes identified within the NACHA Operating Rules and your bank-specific processing requirements (generally two days)
    - Review your account activity on a regular basis
    - Leverage your bank’s cash/treasury management services
Receiving EFT/ACH Payments

- Re-association of EFT payment with electronic remittance advice (ERA)
  - Originator creates a re-association number that is carried in the ERA and the EFT to tie the payment and remittance advice
  - EFT re-association number is carried in the Payment Related Information field of the Addenda Record

- NACHA Operating Rules require the bank to provide the remittance information to the receiver upon request
- You must notify your bank that you wish to receive the remittance information and discuss delivery options with them

EFT and ERA Process Flow

[Diagram showing the process flow from Health Plan creating the CCD and ERA, through ERA (835) Payment/Advice, Provider receiving the ERA with the TRN Reassociation segment and matching it to the TRN Reassociation segment received from the RDFI, ODFI sending the CCD Payment to the ACH Operator, RDFI receiving CCD and posting funds to Provider's account, Reassociation TRN segment sent to the Provider if requested]
Partner with Your Bank

- Treasury/Cash Management Services*
  - Online banking - Review account activity
    - Limit access by user and account
    - Secure – password and token protections
  - Debit blocks: automatically returns all ACH debits (does not prevent reversals)

*Treasury/Cash Management Services features and availability vary by bank.

Partner with Your Bank

- More Treasury/Cash Management Services*
  - Debit filters: automatically returns all ACH debit items except those that are pre-authorized
  - ACH positive pay: allows review of ACH debits before they are posted; customer makes the decision to accept or return each debit individually

*Treasury/Cash Management Services features and availability vary by bank.
Thank You For Joining Us: Stay Involved

- Participate in CORE Operating Rules Development
  - Join your industry colleagues as a contributor to CORE rule development by becoming a CORE participating entity
- Attend a Future Town Hall Call (open to public)
  - Tuesday, June 28th, 3:00-4:00 pm ET
  - Tuesday, August 9th, 3:00-4:00 pm ET
  - Tuesday, September 20th, 3:00-4:00 pm ET
- Implement the CORE Operating Rules: Become CORE-Certified
  - Pledge your commitment to conduct business in accordance with Phase I and/or Phase II CORE Operating Rules
  - Quickly realize operational efficiencies resulting from secure, timely and consistent delivery of eligibility, benefit and claim status information
- Participate in our industry outreach activities and education programs
  - Join our Speakers Bureau
- Join us at another CORE Education Event

Questions and Answers

For More Information Contact:
CORE@caqh.org