NACHA
The Electronic Payments Association®

CORE™
Committee on Operating Rules for Information Exchange
A CAQH Initiative

EFT Standard and EFT & ERA Operating Rules:
Driving Value Through Implementation

March 12, 2014
2:00 pm – 3:30 pm ET

J.P.Morgan

payplus® Solutions, Inc.

Additional information/resources available at www.caqh.org

This document is for educational purposes only; in the case of a question between this document and CAQH CORE Operating Rule text and/or Federal regulations, the latter take precedence.

Participating in Today's Session

- Download a copy of today's presentation on the CAQH.org website
  - Navigate to the CORE Education Events page and access a pdf version of today's presentation under the list for today's event
- The phones will be muted upon entry and during the presentation portion of the session
- At any time throughout the session, you may communicate a question 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 GoToWebinar desktop**
  - On-line questions will be addressed first
- There will be an opportunity today to submit questions using the telephone
  - **When directed by the moderator**, **press the "raise hand" button** to join the queue for audio questions

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Session Topics

- Welcome Introduction
- ACA Mandate and HHS Health Plan Certification
- CAQH CORE EFT & ERA Operating Rules
  - Rule Requirements Overview
- ACA Mandated EFT Standard (CCD+) – **NACHA**
  - EFT Standard and ACH Network Overview
  - NACHA Operating Rules Compliance
- Industry Implementation Perspectives
  - **JP Morgan**
  - **Pay-Plus Solutions**
- CAQH CORE EFT & ERA Implementation
  - Insights and Resources
- Q&A

ACA Mandate and HHS Health Plan Certification

Scope and Update

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Scope: ACA Mandated Operating Rules and Certification Compliance Dates

Mandated requirements available and should be in use in market

Compliance in Effect as of January 1, 2013

- Eligibility for health plan
- Claim status transactions

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

Compliance in Effect as of January 1, 2014

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

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

HHS issued NPRM on 12/31/13 with re-aligned implementation date

***Proposes an adjusted* implementation: December 2015**

Proposes health plans certify via either CORE certification or HIPAA Credential; applies to Eligibility/ Claim Status/EFT/ERA operating rules and underlying standards

Applies only to health plans and includes potential penalties for incomplete certification; existing voluntary CORE Certification is for vendors/PMS/large providers, and health plans

CAQH CORE in process of drafting rules for delivery in late 2014 rather than Q1 2014. No HHS standard for attachments.

Implement by January 1, 2016

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

Who Must Comply With ACA Section 1104?

- ACA Section 1104 mandates that all HIPAA covered entities[1] comply with *healthcare operating rules*; additional guidance on HIPAA covered entity designations may be found HERE
- HIPAA Administrative Simplification standards, requirements and implementation specifications apply to[2]:
  - Health Plans *(including Self-insured, Long-term Care, Medicare, Medicaid, etc.)*
  - Healthcare Clearinghouses
  - Healthcare Providers: *Any person or organization who furnishes, bills, or is paid for healthcare in the normal course of business*[3]
    - Covered ***ONLY*** if *they transmit protected health information electronically (directly or through a business associate) in connection with a transaction covered by the HIPAA Transaction Rule*[2]
    - Examples include but are not limited to: Doctors, Clinics, Psychologists, Dentists, Chiropractors, Nursing Homes, and Pharmacies

[1] Understanding HIPAA Privacy: For Covered Entities and Business Associates
[2] HIPAA Administrative Simplification: 45 CFR §§ 160.102, 164.500
[3] HIPAA Administrative Simplification: 45 CFR § 160.103

NPRM on HHS Health Plan Certification

- Administrative Simplification: Certification of Compliance for Health Plans
  - Mandated under the Affordable Care Act, Section 1104
  - Required health plan certification of first two sets of standards and operating rules
  - First Federal regulation related to certification of entities that conduct administrative transactions
  - Penalty-driven using snapshot of time; *program will evolve over t*ime
- Notice of Proposed Rule Making (NPRM) published in *Federal Register*, January 2, 2014
  - HHS is accepting comments through **April 3, 2014** (extended from March 3, 2014)
- Proposed certification would be required by **December 31, 2015** at the earliest, and requires submission of:
  - Number of covered lives
  - Documentation that demonstrates health plan has obtained a:
    - **CAQH CORE Certification Seal** for Phase III (includes Seals for Phase I and II and testing with independent testing entity); **or**
    - **HIPAA Credential** (requirements outlined by regulation, attestation-based documents filed with CAQH CORE)
      - Drafts of three key HIPAA Credential forms* were developed by CAQH CORE and are now available for comment

*Additional Information on the Draft HIPAA Credential forms can be found in the appendix of this presentation

NPRM Certification of Compliance for Health Plans
Final CAQH CORE Model Comment Letter

- CAQH CORE developed a Model Comment Letter that both CORE and non-CORE Participants may customize and use as they deem appropriate to submit comments to HHS
  - The letter contains key substantive areas for comment identified by CAQH CORE using industry responses to:
    - Initial List of NPRM Comments issued by CAQH CORE on January 13, 2014
      - CAQH CORE solicited comments via email and a conference call open to both CORE and non-CORE participants on January 22, 2014
    - Draft Model Comment Letter originally issued by CAQH CORE on February 3, 2014
- The Model Comment Letter comes with two attachments enclosed to assist your submission of comments to HHS:
  - **Attachment 1**: Instructions for submitting your comments to CMS via several methods
  - **Attachment 2**: The final CAQH CORE model comment letter is provided as a Word document so you can use all or part as your organization finalizes its comments for direct submission to CMS

Relationship between Ongoing HIPAA Enforcement and HHS Health Plan Certification

The complaint-driven HIPAA Enforcement Process is an established and existing program that will be maintained ***in addition to*** the HHS Health Plan Certification program; the two programs are complementary

	Complaint-Driven HIPAA Enforcement Process	**Proposed HHS Health Plan Certification of Compliance**
Applicable Entities	All HIPAA covered entities	Health plans
Action Required	Implement CAQH CORE Eligibility & Claim Status and EFT & ERA Operating Rules, and applicable Standards	File statement with HHS that demonstrates health plan has obtained a CAQH CORE Certification Seal for Phase III or HIPAA Credential and thus are in compliance with the standards and operating rules
Compliance Date	*First Set* – **January 1, 2013** *Second Set* – **January 1, 2014**	**December 31, 2015** (proposed)
Applicable Penalties	Due to HITECH, penalties for HIPAA non-compliance have increased, now up to **$1.5 million per entity per year**	Fee amount equals **$1 per covered life until certification is complete**; penalties cannot exceed $20 per covered life or $40 per covered life (for deliberate misrepresentation) on an annual basis
Verification of Compliance	***Ongoing*** complaint-driven process to monitor compliance prompted by anyone filing a complaint via CMS's Administrative Simplification Enforcement Tool (ASET) for non-compliance with the standards and/or operating rules	"***Snapshot***" of health plan compliance based on when the health plan obtains CORE Certification/HIPAA Credential and files statement with HHS

Example of complementary nature of HIPAA Enforcement Process and Proposed HHS Health Plan Certification: An entity could file a complaint for non-compliance against an HHS-certified Health Plan using the HIPAA Enforcement Process if they believe the Health Plan has fallen out of compliance since their certification (e.g. A certified Health Plan acquires another non-compliant Health Plan).

CAQH CORE EFT & ERA Operating Rules

Overview

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EFT Standard and EFT & ERA Operating Rules: *Required of All HIPAA Covered Entities*

- **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 v5010 835 TR3 TRN Segment as the HIPAA mandated Healthcare EFT Standard
- **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 Combinations* maintenance process updates are immediately effective

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

* CMS-0028-IFC excludes requirements pertaining to acknowledgements.

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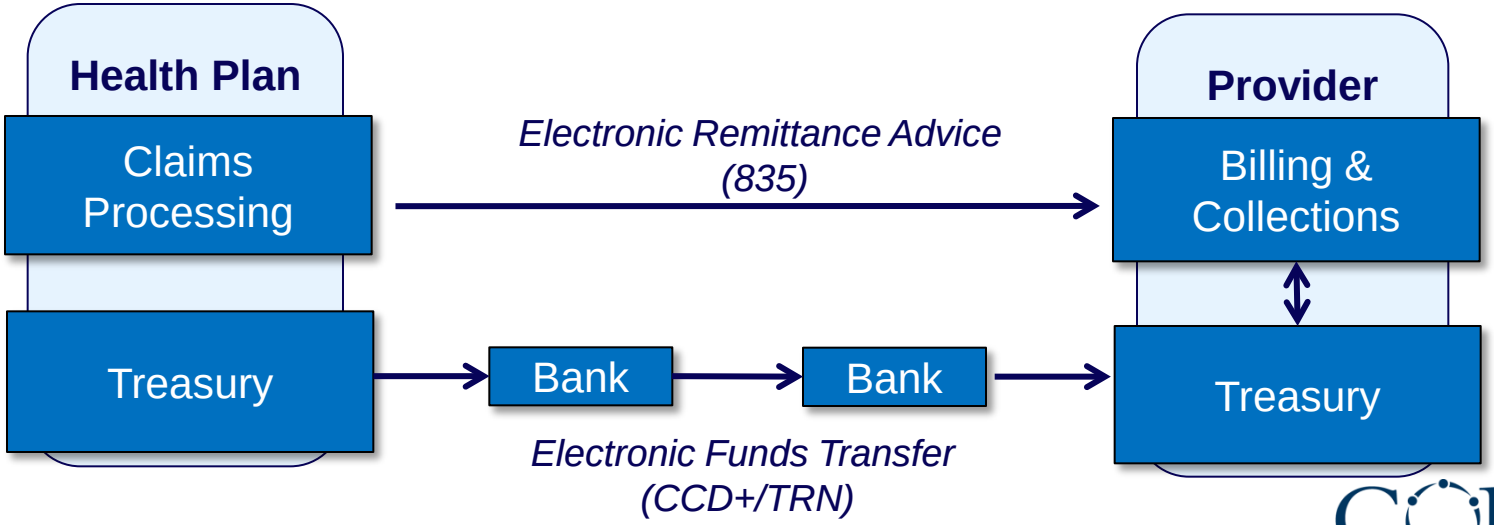
EFT and ERA Transaction Flow

- EFT and ERA Operating Rules represent the convergence of financial services and healthcare
  - Both transactions are sent using “recognized” electronic HIPAA standards
  - Aim is to increase adoption of both standards in 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 electronically; ERA files are intended to replace the paper Explanation of Payment (EOP)
  - EFT enables providers to receive payments from health plans electronically



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EFT & ERA Operating Rules:
Rules in Action

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

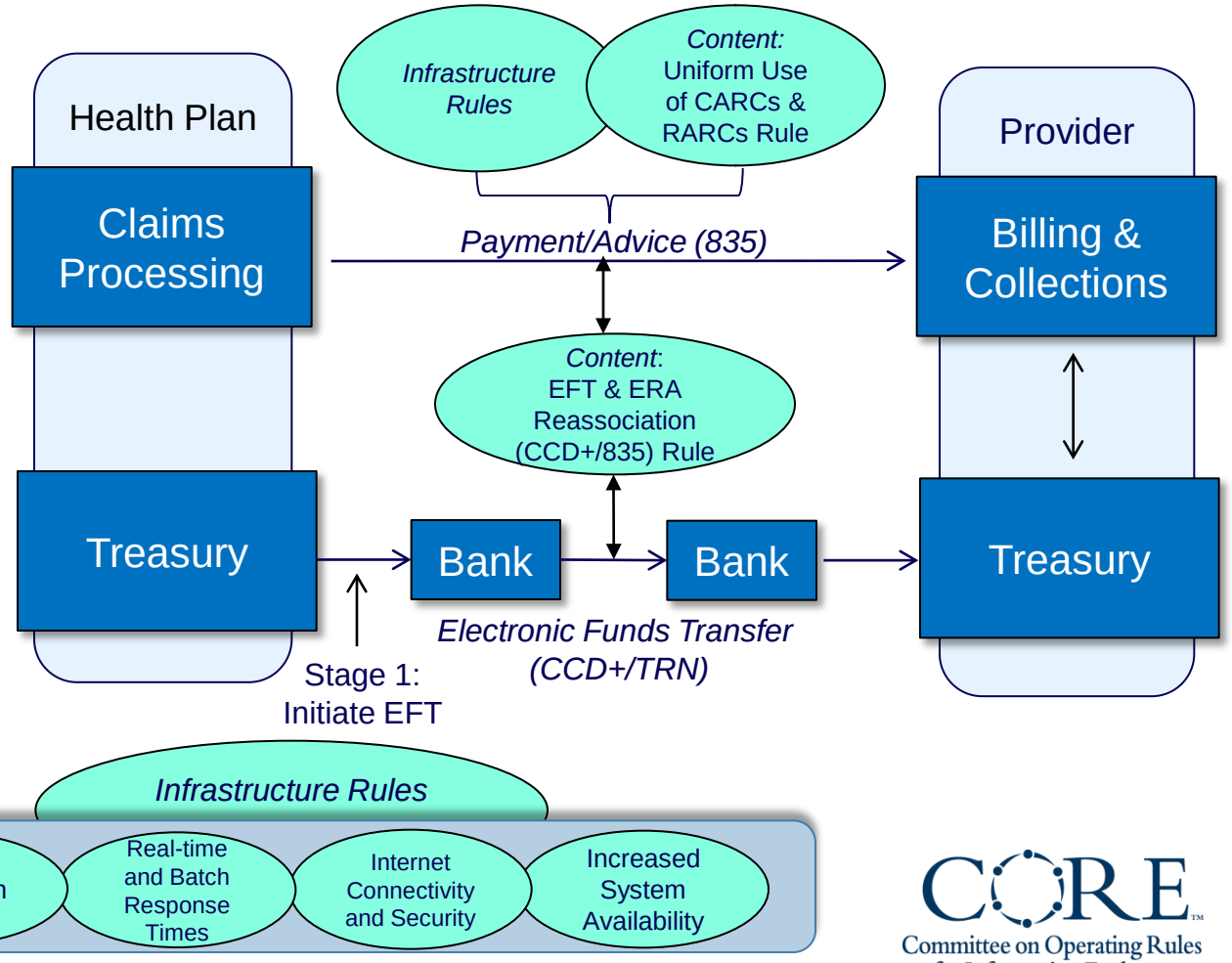
Pre- Payment: Provider Enrollment

EFT Enrollment Data Rule

ERA Enrollment Data Rule

Content: Provider first enrolls in EFT and ERA with Health Plan(s) and works with bank to ensure receipt of the CORE-required Minimum ACH CCD+ Data Elements for reassociation

Claims Payment Process



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NACHA's Role in Supporting Healthcare Payments

- NACHA's focus is supporting efficiency for payments and related information sent through banks from health plans to providers
  - Maintains the *NACHA Operating Rules* and is the Standard Development Organization (SDO) for the Healthcare EFT Standard (ACH CCD+Addenda)
  - Helping the healthcare industry understand the Healthcare EFT Standard
    - What are *NACHA Operating Rules* and how do they impact the standard?
    - How does it work?
    - A Healthcare EFT Standard Implementation Guide is available from NACHA

EFT Standard & NACHA Operating Rules

Compliance Considerations

Priscilla Holland

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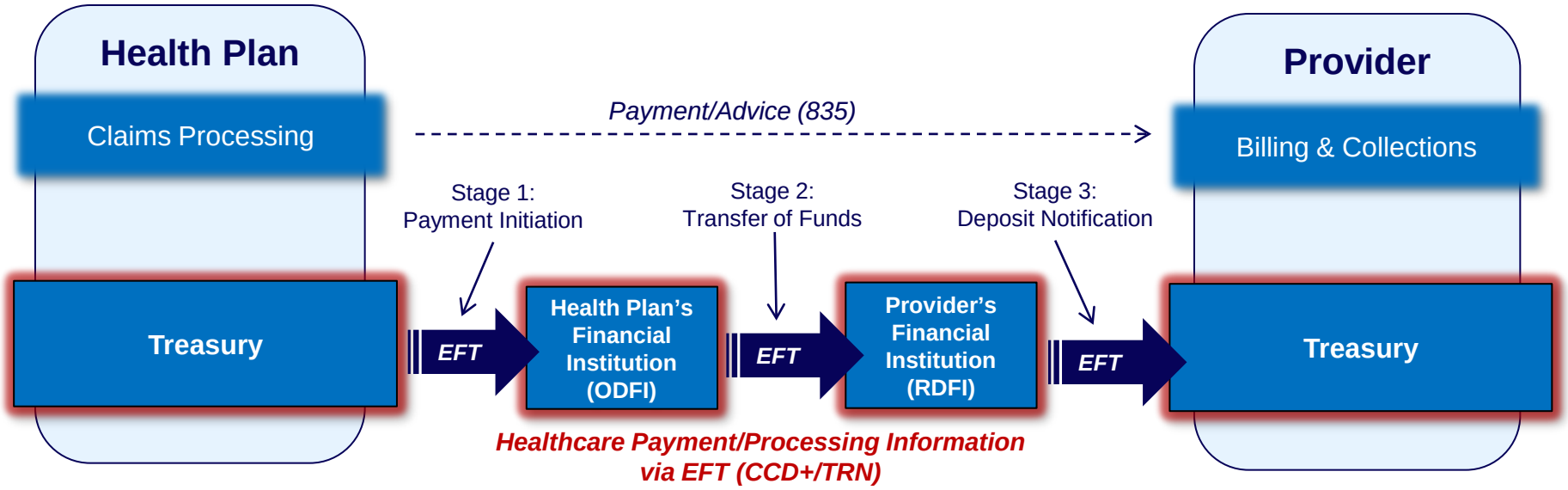
ACH Network* Participants: *Roles and Responsibilities*

Participant	Role	Role and Responsibility
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 **<u>Stage 1</u>: *Payment Initiation***
- Assumes that dollars and data move separately but can be linked via a reassociation number



Changes to the *NACHA Operating Rules* to Align with Healthcare

Details of the changes to the NACHA Operating Rules and CCD+ Standard that were refined to align with Healthcare Operating Rules and ensure that a framework is in place for banks and their healthcare clients for the EFT

NACHA Rule Changes	Detail
Standard Identification of Health Care EFTs	The rule requires health plans to clearly identify CCD Entries that are Health Care EFT Transactions through the use of the specific identifier "HCCLAIMPMT"
Additional Formatting Requirements for Health Care EFTs	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
Delivery of Payment Related Information (Reassociation Number)	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
Addition of New EDI Data Segment Terminator	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
Health Care Terminology within the NACHA Operating Rules	The rule includes healthcare-related definitions

Healthcare EFT CCD+ Volumes

- These numbers reflect EFT payments that are clearly identified as healthcare payments by the use of the specific identifier "HCCLAIMPMT"[1] in the CCD+ transaction
- There has been steady growth in the use of CCD+ for healthcare EFT payments and we expect the number to continue to increase as adoption of the *NACHA Operating Rule* changes grows

	Sep-13[2]	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14[2]
Total Number Forward CCD Credits[3]	1,320,762	5,632,451	6,181,681	7,407,418	8,154,530	7,952,355
Total $ Value Forward CCD Entries (in Millions)	$7,469	$25,653	$29,105	$36,942	$45,132	$45,234

[1]NOTE: Some providers are receiving EFT payments without the HCCLAIMPMT identifiers in the CCD+. To identify an EFT payment as a healthcare EFT, originators of the transaction (i.e. Health Plans/Payers) need to include the HCCLAIMPMT identifier in the CCD+Addendum

[2]Fewer processing days in September 2013 (Changes implemented 9/20/13) and February 2014.

[3]"Credit" is a deposit by health plan to provider for services rendered by the provider.

Impact of *NACHA Operating Rule* Changes on Health Plans

- If your health plan is currently originating EFT claims reimbursements via the ACH using the CCD format the following changes need to be made:
  - Include “HCCLAIMPMT” in the Company Entry Description (Field 7 of the Company/Batch Header Record)
  - Must include one addenda record (Field 10 of the Detail Record must be a “1”)
  - Company Name (Field 3 of the Company/Batch Header Record) must be populated with the name of the health plan or the party to which the provider submits its claims
  - Payment Related Information (Field 3 of the CCD Addenda Record) must contain the TRN Reassociation Trace Number
  - Optional – is the use of the tilde “~” as the data segment terminator in the TRN Reassociation Trace Number. Both the backslash “\” and the tilde “~” will be valid data segment terminators effective 9/20/13
- Plans that do not currently offer EFT claims reimbursement via ACH will have to implement the *NACHA Operating Rule* changes concurrently with the EFT Standard
  - Plans currently originating ACH transactions have signed ACH Origination Agreements with their financial institution that bind them to the *NACHA Operating Rules* and therefore must implement changes to the Rules on the effective date

NACHA Operating Rules Compliance

- NACHA is working with **ACH Operators** and **providers' financial institutions (RDFI)** to identify **health plans (Originators)** that have not implemented the *NACHA Operating Rule* changes
- Common *NACHA Operating Rules* Violations:
  - **Missing "HCCLAIMPMT"**
    - **ACH Operators** are checking CCD entries for healthcare EFT transactions and notifying **NACHA** of instances where **Originators** or their vendors are NOT using "HCCLAIMPMT" in the Batch Header Record
    - **NACHA** is contacting the **ODFI** requesting that the **Originator** correct their entries
    - **RDFI** can file a Rules violation for formatting errors if the **Originator** does not correctly format the files
  - **Incorrectly Formatted TRN or Missing Addenda**
    - Many banks' ACH Operations software have the ability to automatically validate the formatting of the TRN Reassociation Trace Number if "HCCLAIMPMT" is present
    - **RDFI** files a Notification of Change (NOC) advising **ODFI** and **Originator** of incorrectly formatted or missing addenda
    - **Originator** then has a grace period of either 6 banking days or the date of their next CCD+ EFT payment (whichever is later) to correct their entries
    - If not changed within the grace period, **RDFI** can file a Rules Violation with **NACHA**
- If Rules Violations are filed, the process moves on to the National System of Fines

About the National System of Fines

The **National System of Fines** is the enforcement mechanism for the ACH Network

- An average of 1,500 rule violations* are reported annually by over 100 different financial institutions
- Any violation of the *NACHA Operating Rules* can be submitted. Submissions regularly involve issues with unauthorized entries, entries initiated to invalid account numbers and incorrect returns
- Fines can range between $0 and $500,000

*Across all EFT payments using the ACH network (not just Healthcare EFTs)

Overview of the System of Fines Process

RDFI's access a secure NACHA website to complete the Notice of Possible ACH Rules Violation.

RDFI's provide supporting documentation by uploading electronic documents to a secure NACHA server.

Upon completion of the Report, the submitting RDFI is notified immediately that the submission was successful! An email to the RDFI will follow the on-screen confirmation.

NACHA Staff evaluates and processes the alleged violation.

ODFI and appropriate Regional Payments Association (RPA) or Federal Reserve are notified via email of the alleged violation.

ODFI provides response to NACHA – via email/fax/mail

Overview of the System of Fines Process - Escalation to the Panel

- After NACHA staff evaluates a rule violation, it is sent to the ACH Rules Enforcement Panel for review
- The ACH Rules Enforcement Panel
  - Is comprised of volunteer industry representatives from small, medium and large asset commercial banks, credit unions, Regional Payments Associations and ACH Operators
  - Meets once a month to review cases involving alleged **Class 1**, **Class 2** and **Class 3** rule violations
  - Is the final authority regarding the imposition of fines when there is a rule violation
- If Rules violation fines are issued, the fine is debited automatically from the Federal Reserve account of the ODFI
- ODFI will then debit their Originator's account for the amount of the fine

Overview of the System of Fines Process – Fine Tiers

Class 1:

- 1st Recurrence - $0 to $1,000
- 2nd Recurrence - $0 to $2,500
- 3rd Recurrence - $0 to $5,000

Class 2:

- Example:
  - Failure to respond to ODFI Return Rate Reporting request
  - Violation causes excessive harm to participating DFI or Network
  - Fourth or subsequent recurrence of the same rules violation
- $0 to $100,000 per month per RDFI, ODFI, or ODFI's Originator/TPS until the problem is resolved

Class 3:

- Example:
  - Class 2 violation has continued for three consecutive months
- $0 to $500,000 per month per RDFI, ODFI, or ODFI's Originator/TPS until the problem is resolved
- Panel may direct ODFI to suspend Originator/TPS from originating

EFT Standard & *NACHA Operating Rules* Implementation Key Observations/Considerations to Date

- A pre-note of the CCD+Addenda may include the addenda record and "dummy" TRN data segment, but they are not required
- CCD transactions for vendor payments or other transactions that are not claims reimbursements should not be identified with "HCCLAIMPMT" in the Company Entry Description
- Healthcare EFT Standard can be used for both credits and debits transactions
  - Health Plans must have authorization to debit a provider. The authorization that a provider can sign during enrollment generally gives the health plan the authorization to debit a provider for duplicate entries or transactions sent to a wrong account and NOT the authorization to reverse correct entries or send debits to collect for overpayments or adjustments
- Health plans must deliver claims reimbursement payments using the HIPAA Healthcare EFT Standard if it is requested by the provider (45 CFR § 162.925)

*Pre-notes are used to verify that the bank account number provided during enrollment is a valid account number at the RDFI

Industry Implementation Perspective

Steve Bernstein

J.P.Morgan

J.P. MORGAN

- About J.P. Morgan
  - J.P. Morgan's Corporate & Investment Bank is a global leader across banking, markets and investor services. The world's most important corporations, governments and institutions entrust us with their business in more than 100 countries. With $20.5 trillion of assets under custody and $421 billion in deposits, the Corporate & Investment Bank provides strategic advice, raises capital, manages risk and extends liquidity in markets around the world. Further information about J.P. Morgan is available at www.jpmorgan.com.
- J.P. Morgan and Healthcare
  - For more than 30 years, we have worked with hospitals and health systems, insurers, private practices and nursing homes. Today, we serve:
    - More than 1,100 hospitals,
    - All of the top 10 health insurers,
    - Thousands of physicians' groups, third-party administrators and other healthcare organizations,
    - The top five pharmacy benefit managers, and
    - Six of the top eight pharmacy retailers.
  - First financial services company to achieve accreditation by the Electronic Healthcare Network Accreditation Commission (EHNAC) for electronic healthcare processing.
  - J.P. Morgan is a CAQH CORE Participant and a member of the Board.

J.P.Morgan

What Do the Healthcare regulations Require?

Standards and operating rules for healthcare claims remittance & payments have been adopted into federal law and are impacting Financial Institutions and their health plan and provider clients….

Mandate does…

- **Lay out Healthcare payment (EFT) standard that must be used for the initiation of all healthcare claims payments**
  - ACH CCD+ for electronic funds transfer
  - X12 835 TR3 TRN Segment for remittance advice
  - Standards must be used to authorize the ODFI to make healthcare EFT payment through the ACH network by all health plans that execute healthcare electronic payments
- **Require health plans to include the Re-association Trace Number (X12 835 TR2 TRN) in the Addenda Records attached to all CCD file to facilitate matching claims with payments**

Mandate does NOT…

- **Require standards to be used for other stages of claims payment**
  - For example: transfer of funds or deposit notification
- **Ban the voluntary use of EFT formats in instances where EFT & ERA travel together**
  - For example: ACH CTX
- **Require health plans to use the ACH network for EFT payment**
  - Entities should do a cost/benefit analysis when considering other payment methods (such as a wire transfer or virtual credit card)
- **Apply to EFT payments made outside of the ACH network**

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What are Financial Institutions Doing to Support Healthcare Clients?

- Financial Institutions with health plan and provider clients are making adjustments to support their clients' implementation of the mandated Healthcare EFT Standard, *NACHA Operating Rule* changes and the EFT & ERA Operating rules
- Examples of what your bank may be doing include:
  - Educating staff on the new standard and operating rules and what is required of financial services
  - Dedicating extra implementation support to ensure seamless transitions for clients
  - Upgrading products and services to support transaction flow and compliance
  - Identifying options to provide re-association data to provider clients
- Health plans and providers should be proactive in contacting their financial services partners to ensure implementation needs are being supported

Healthcare Provider Implementation Considerations
Working with Smaller/Community Banks

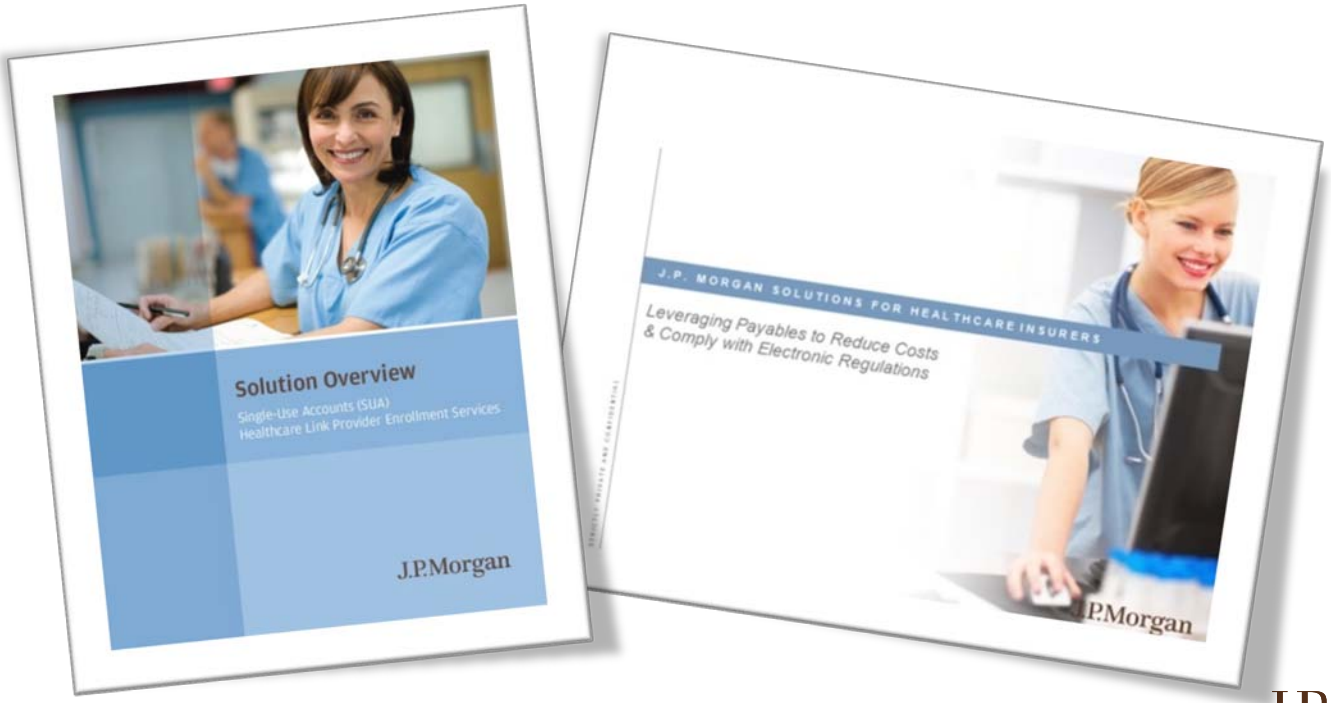
- All Implementation efforts are not the same
  - Large national banks (like J.P. Morgan) often have robust resources for its Provider clients to both understand and achieve successful implementation of the EFT Standard and EFT & ERA Operating Rules, and, although there are some that are ahead of the curve and do offer similar services, this may not always be the case for smaller community banks
- When planning implementation with smaller banks, providers should:
  - Ensure your banks are aware of the ACA mandates and requirements
    - Additional education may need to be conveyed to these banks (i.e. compliance timeline, formats, rule requirements, educational resources, etc.)
  - Fully understand the resources that are available to you through your banks
  - Work with your bank to get a better understanding of the software packages they offer and their limitations
    - Who is their software vendor?
    - Is the vendor's product CORE-certified?
    - What electronic means is available to receive reassociation data?
  - Ensure your bank is compliant with the *NACHA Operating Rule* changes
    - If not, what major changes remain and how does that affect their timeline?

Business Case for Automating Payments
Smaller Providers and Hospitals

- Some providers are hesitant to move to automated payments due to the cost of and resources needed to create a workflow and/or move from paper to electronic payments
  - Although there will be initial investments needed when moving to automated payments, providers will ultimately see cost savings through elimination of errors made and time spent through manual and paper processes, such as:
    - Manual re-keying of data
    - Calling counterparties to obtain information
    - Handling faxes
    - Erroneous key-stroking
    - Misapplied payments
    - Default of payment to paper check
    - Time spent on phone attempting to resolve issues
    - Delays in settlement
- There has been feedback across the industry from providers hesitant to enroll in ACH CCD+ EFT because of the “EFT per-transaction fees”
  - While these per-transaction fees will be immediately visible and are obviously a real issue for smaller providers and hospitals, the cost per transaction using the ACH CCD+ is actually less than other methods of electronic payment (i.e. FedWire, virtual credit cards, etc.)

How J.P. Morgan is Helping Clients
Client Education

- Education of the 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



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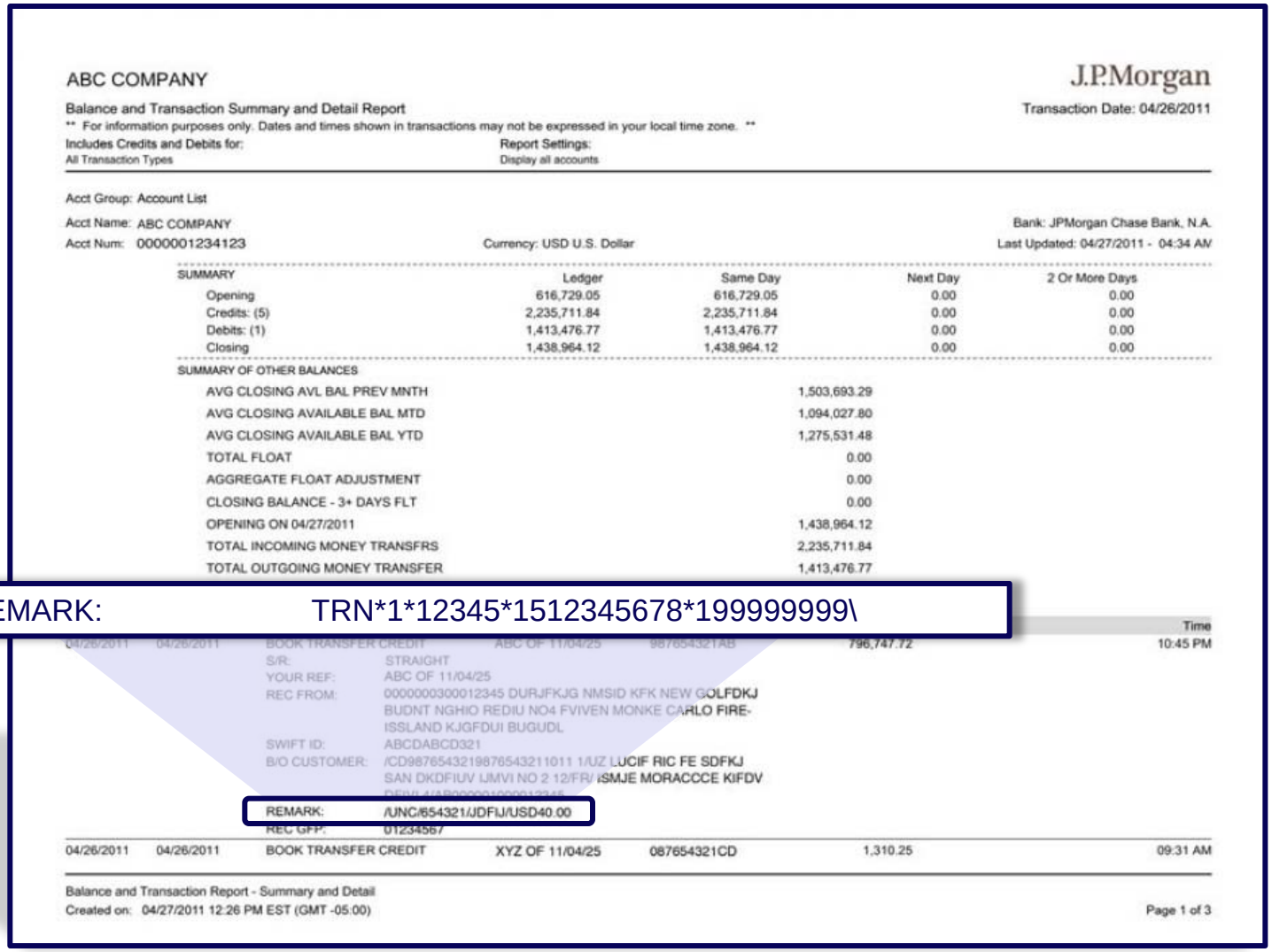
How J.P. Morgan is Helping Clients
Observations and Lessons Learned

- Education on ASC X12 835 TRN Segment is important
  - Allows up to 50 digits in the TRN02 reassociation number
  - Smaller Payers who don't regularly send claim payments via EDI or use a vendor need additional support formatting the healthcare EFT (CCD+) since they may not have EDI expertise
- We have been performing testing with select clients for over a year leading up to the mandate
- Remittance text (reassociation number) will be available day 1 through multiple channels including online, BAI reporting and e-mail
- Common issues with testing include:
  - Incorrect use of delimiters (*) or terminators
  - Not including the minimum number of characters in a field, e.g. TRN03
- Continuing lack of awareness by some practitioners

Sample Reporting



ABC COMPANY

J.P.Morgan

Balance and Transaction Summary and Detail Report

Transaction Date: 04/26/2011

** 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

Report Settings: Display all accounts

Acct Group: Account List

Acct Name: ABC COMPANY

Acct Num: 0000001234123

Currency: USD U.S. Dollar

Bank: JPMorgan Chase Bank, N.A.

Last Updated: 04/27/2011 - 04:34 AM

SUMMARY	Ledger	Same Day	Next Day	2 Or More Days
Opening	616,729.05	616,729.05	0.00	0.00
Credits: (5)	2,235,711.84	2,235,711.84	0.00	0.00
Debits: (1)	1,413,476.77	1,413,476.77	0.00	0.00
Closing	1,438,964.12	1,438,964.12	0.00	0.00

SUMMARY OF OTHER BALANCES	
AVG CLOSING AVL BAL PREV MNTH	1,503,693.29
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 TRANSFRS	2,235,711.84
TOTAL OUTGOING MONEY TRANSFER	1,413,476.77

REMARK: TRN*1*12345*1512345678*199999999\

Time

04/26/2011 04/26/2011 BOOK TRANSFER CREDIT ABC OF 11/04/25 987654321AB 796,747.72 10:45 PM

S/R: STRAIGHT

YOUR REF: ABC OF 11/04/25

REC FROM: 0000000300012345 DURJFKJG NMSID KFK NEW GOLFDKJ BUDNT NGHIO REDIU NO4 FVIVEN MONKE CARLO FIRE-ISSLAND KJGFDUI BUGUDL

SWIFT ID: ABCDABCD321

B/O CUSTOMER: /CD98765432198765432110 11/UZ LUCIF RIC FE SDFKJ SAN DKDFIUV IJMVI NO 2 12/FR/ ISMJE MORACCCE KIFDV

REMARK: /UNC/654321/JDFIJ/USD40.00

REC GFP: 01234567

04/26/2011 04/26/2011 BOOK TRANSFER CREDIT XYZ OF 11/04/25 087654321CD 1,310.25 09:31 AM

Balance and Transaction Report - Summary and Detail

Created on: 04/27/2011 12:26 PM EST (GMT -05:00)

Page 1 of 3

J.P.Morgan

Implementation Checklist
Health Plans

- ✓ Understand how the new EFT standard impacts your claim payment processing
- ✓ Identify changes to payments formats
- ✓ Develop new file formats
  - Use “HCCLAIMPMT” entry description
  - Affirm that company name is readily recognized by the provider
  - Confirm formatting of addenda record indicator
  - Ensure payment related information includes re-association trace number that can be used by provider to reconcile
- ✓ Coordinate the delivery of the payment and the ERA
- ✓ Contact your financial institution to arrange for testing (if available)
- ✓ Test with NACHA’s ACH Network
- ✓ Educate providers
  - Communicate changes
  - Instruct provider to contact their financial institution to arrange delivery of re-association information
- ✓ Go live

J.P.Morgan

Implementation Checklist
Healthcare Providers

- ✓ Understand health plan agreements and options for payment and remittance information
  - Review with vendors
- ✓ Review and update collection & reconcilement procedures
- ✓ Request healthcare EFT payments from your payers, both public and private
  - CAQH CORE has developed a customizable Sample Provider EFT Request Letter to facilitate this request
- ✓ Contact financial institution to discuss services offered to assist in receiving EFT and payment related information including the reassociation trace numbers
  - CAQH CORE has also created a customizable Sample Provider Reassociation Data Request Letter which can be used to ensure that you are asking your financial institution's the right questions
- ✓ Implement reporting services and new reconcilement procedures
- ✓ Go live

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CERTIFIED CORE VENDOR PRODUCT Phase III
A CAQH Initiative

Payment. Transformed.

PPSOnline.com

Pay-Plus® Solutions, Inc.

- Pay-Plus is a leading healthcare *e*Payment company which delivers turnkey, CAQH CORE® certified, claims payment and 835 solutions for Healthcare Payers and Providers.

  Leveraging the latest technology and promoting evolving industry standards, Pay-Plus facilitates compliance of regulatory requirements and streamlines the transfer of cumbersome healthcare information.

  Through the systems' designs and integrations built with adjudication partners, Pay-Plus has established a streamlined process which improves operational efficiencies.

  Most importantly, Pay-Plus offers a unique, high touch, Customer Support Team ensuring quality assurance, satisfaction and results.

2013	2014
ePayments Processed: – $2 Billion in claim payments – 2 Million + payments	On track to triple 2013's processing metrics

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Pay-Plus® Solutions, Inc.

Payer Clients

70 Payer clients

- Third Party Administrators
- Student Benefit Plans
- Labor Unions
- National Health Plans

Provider Clients

The Pay-Plus Network includes over **150,000 Providers**, ranging from large Hospital chains to local doctor's offices

Electronic Funds Transfer

- **Select**: Fax Product
- **SelectPlus**: Patent Pending , Terminal Emulation Product
- **Direct**: CORE Phase III Certified ACH Product

Pay-Plus ACH Statistics

	Provider Enrollment	Payments Processed
2013	201%	109%
2014	295%	301%

Provider Enrollment represents the increase in Providers enrolled in the Pay-Plus Direct Network from the previous year.
Payments Processed represents the increase in the number of payments processed through the Pay-Plus Direct Network from the previous year.

Electronic Remittance Advice

- Clearinghouse
- FTP
- Direct Download

Implementation Considerations

Purpose: To obtain CAQH CORE Phase III certification for Pay-Plus' ***Direct*** **EFT & ERA product** by January 1, 2014

- **Preparation**
  - Assemble key team members from varying departments within the organization
  - Establish project plan and correlating timelines

- **Resources**

Internal	Partners	Consultants
Executive Management	System Vendors: Claim Adjudication Platforms	835 Specialists
Project Manager	Clearinghouse Distribution Channel Partners	ACH Specialists
IT Department	Provider Clients	
Provider Relations Department	Payer Clients	
Security Officer		

Implementation Challenges

Internal

- **Tight deadlines**
- **Coordination** between stakeholders, partners, internal resources, Payer clients, and select Provider clients
- **Significant system changes and enhancements**
- **Ensuring Compliance with Multiple Systems**
  - Integrate with individual claim adjudication platform partners
  - Collaborate with other entities to integrate directly with clearinghouses
  - Support Payer clients in standardizing CARC RARC and CAGC mappings
- **Competing Projects**
  - During Voluntary CORE Certification Pay-Plus was simultaneously dealing with exponential growth, as well as continually revising their technology to satisfy Payer and Provider clients

External

- **Educating Clients:** Informing clients of the changes ACA Regulation will have on their processes and practices
  - Educational webinars with Adjudication partners
  - One-on-one discussions with Payer clients
  - Engraining education into the sales process: presentations, proposals, etc.
- **Set Up:** Transitioning from traditional remark codes to new CARC RARC combinations
  - Utilizing the Pay-Plus ***CARC RARC Crosswalk***, each client was transitioned individually
- **Maintenance:** Continual enhancements to the Pay-Plus CARC RARC Crosswalk

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Overcoming Implementation Challenges

- **Internal System Adjustments**
  - Substantial data model changes
  - Crosswalk system construction
  - Building additional transmission methods
  - ACH process re-write
  - Website modifications for Provider enrollment

- **Pay-Plus' System's Foundation**
  - Pay-Plus' technology foundation helped us overcome the challenges other organizations may have encountered:
    - Adjudication integrations facilitated the receipt of data through ERA solution
    - EFT solution allowed Pay-Plus to distribute Provider payments with associated ERA

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Voluntary CORE Certification:
Implementation

- **DECISION**: Internal decision was made to move forward with Phase III CAQH CORE certification
  1. Applied through CAQH CORE
  2. Assigned Edifecs credentials
  3. Access to the full project plan
     - » **Edifecs delineated each step in the project plan: Sections were broken out based on the proposed operating rule (EFT, ERA, Connectivity), making the entire process easy to follow and manage**

- **PREP FOR TESTING:** Preemptively reviewing the project plan and requirements ensures a more streamlined testing process

- **TESTING**:
  - Followed through each testing stage > either submit documentation or trigger Pay-Plus team to conduct internal testing
    - Submission required for each testing stage
  - Feedback was provided in certain areas when improvements could be made or clarification was needed

Voluntary CORE Certification:

Provider Client Results

- **Increase in Provider acceptance of EFT and ERA:** the healthcare industry is moving towards electronic payments and electronic transfer mechanisms
  - In the **Past** it was a bonus to receive an ACH
  - **Now** the industry is accustomed to EFT, Providers are adopting the practice more frequently
  - In the **future** *e*Payments will be the industry norm

- **Increased Operational Efficiencies**
  - Aggregation of Payments
  - Standardized, clean, 835s
  - Flexible ERA delivery options
  - Standard enrollment rules for EFT and ERA

Decrease of time, labor and money spent on payment processing and reconciliation

Hospital Enrollment Experience

- Pre-PPS: Provider was receiving paper EOBs, and manually downloading their 835s
- With PPS: Provider receives electronic EOPs and can take advantage of clearinghouse auto posting of payments and reconciliation.
  - Savings of time and labor
  - Tremendous savings in lock box fees

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Voluntary CORE Certification:
Payer Client Results

- Simplified Solution to Ensure ACA Compliance
  - Significant savings in the investment of resources, time, and technology
- Increased Operational Efficiencies
  - Streamlined reconciliation of *e*Payments as well as non-transactional data communicated from Payers to Providers
- Reduction in Provider noise
  - Payers were constantly dealing with Provider's requesting data in varying formats
- Savings of print and postage expenses

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Voluntary CORE Certification:
Pay-Plus Results

- **Providers**
  - Growth of Pay-Plus Provider Network
    - Increase in Provider adoption of EFT and ERA
    - Tighter relationship with Provider community due to standard, streamlined, process
  - Streamlined Processes
    - **Before**: Providers wanted customized 835s
    - **After**: Providers are satisfied with standard formats, alleviating Pay-Plus customization efforts on a Provider by Provider basis

- **Payers**
  - Value Add
    - Payer clients are secure in knowing we operate under regulation
  - Enhanced Efficiencies
    - Integrations simplify the payment extraction process

Pay-Plus' Guidelines to Becoming ACA Compliant

- Advice to Providers, Payers, and Vendors
  - **Due Diligence**
    - Educating yourself on the regulations and rules and its effect on your systems and business model
  - **Planning**
    - Establish project plan and timelines
    - Commitment of the entire team to fulfilling the project
  - **Partnership**
    - Key to ongoing success and implementation
    - With regulation and laws constantly changing, it is vital to be able to trust and leverage one another's core competencies in making a successful relationship
    - For a Payer to build this solution alone they would exhaust a significant amount of time, energy and resources, significantly minimizing the return on investment

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CAQH CORE EFT & ERA Implementation

Insights and Resources

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Implementation Steps for HIPAA Covered Entities: *Tools and Resources*

Free Tools and Resources Available

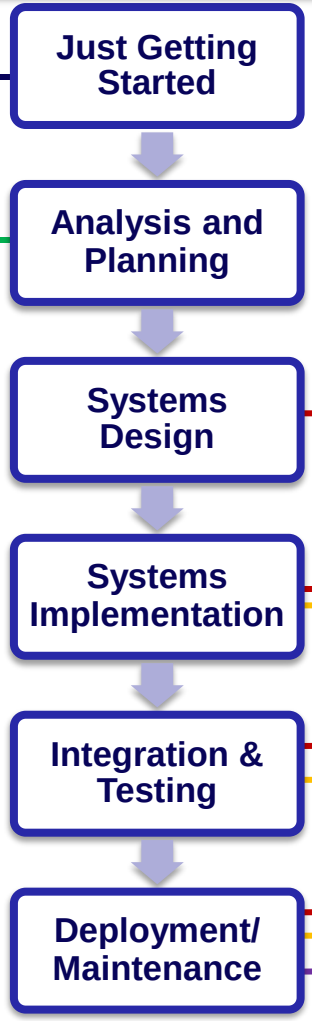
Education is key

Get executive buy-in early

- Read the **CAQH CORE EFT & ERA Operating Rules**
- Listen to archive of past **CAQH CORE Education Sessions** or register to attend a future one
- Search the EFT & ERA **FAQs** for clarification on common questions
- Use our **Request Process** to Contact technical experts throughout implementation

Determine Scope of Project

- The **Analysis and Planning Guide** provides guidance to complete systems analysis and planning for implementation; Information attained from the use of this guide informs the impact of implementation, the resources necessary for implementation, as well as, what would be considered an efficient approach to, and timeline for, successful implementation.



Engage Trading Partners Early and Often

- **Provider's**: Use the EFT/ERA **Sample Health Plan** and **Sample Financial Institution** Letters as a way to help facilitate the request to receive EFT from your health plans and the request for delivery of the necessary reassociation data elements from your financial institutions

TEST, TEST, TEST!

- Leverage **Voluntary CORE Certification** as a quality check, a way to test with partners, and as a way of communicating compliance to the industry and other trading partners

Get Involved with CAQH CORE

- **Join** as a Participant of CAQH CORE in order to give input on rule-writing maintenance by joining a task group and to stay up-to-date on implementation developments

About *Voluntary* CORE Certification

- Since its inception, CAQH CORE has offered a *voluntary* CORE Certification to health plans, vendors, clearinghouses, and providers
  - *Voluntary* CORE Certification provides verification that your IT systems or product operates in accordance with the federally mandated operating rules
  - CORE Certification is stakeholder-specific
    - Each entity completes testing specific to their stakeholder type in order to become CORE Certified
- CAQH CORE Certification is available for the following transactions
  - Eligibility and Claim Status (Phase I and Phase II)
  - EFT and ERA (Phase III)
- Key Benefits
  - Provides all organizations across the trading partner network useful, accessible and relevant guidance in meeting obligations under the CAQH CORE Operating Rules
  - Encourages trading partners to work together on data flow and content needs
  - Offers vendors practical means for informing potential and current clients on which of their products – *by versions* - follow operating rules, including Practice Management Systems
  - Achieves maximum ROI because all entities in data exchange follow the operating rules; once CORE-certified need to follow operating rules with all trading partners
  - Means for voluntary enforcement dialog and steps

Note: Learn more about *voluntary* CORE Certification here

Voluntary CORE Certification
2014 Certifications and Pledges

A CAQH Initiative

- Already over **80 entities** are CORE-certified on Phase I and II (eligibility and claim status)
  - e.g. Aetna, United, WellPoint, Availity, Mayo, NextGen, Passport, RelayHealth

NEW 2014 Completed *Voluntary* CORE Certifications

- **athenahealth,** *athenacollector* (Phase III)
- **AvMed,** *Health Plan* (Phase II)
- **BCBSNC,** *Health Plan* (Phase II & Phase III)
- **Emdeon,** *Remittance & Payment Management clearinghouse product* (Phase III)
- **Eldorado,** *Javelina Real Time* (Phases I & II)
- **Excellus BCBS,** *Health Plan* (Phases I & II)
- **MVP Healthcare,** *Health Plan* (Phases I & II)
- **Tufts Health Plan** (Phases I & II)
- **Triple-S Salud/BCBS PR,** *Health Plan* (Phases I, II & III)

NEW 2014 *Voluntary* CORE Certification Pledges

- **Claim Remedi,** *Claim Remedi Eligibility Services* (Phase II)
- **Florida Medicaid** (Phases I, II & III)
- **HeW (formerly HealtheWeb),** *Revenue Cycle Management & EDI Services* (Phases I, II & III)
- **ikaSystems,** *ikaClaims* (Phases I & II)
- **PaySpan** (Phase III)
- **Rocky Mountain Health** Plans (Phase III)
- **Trizetto Provider Solutions,** *Integrated Eligibility & Integrated Claim Status Inquiry clearinghouse product* (Phases II)

EFT & ERA Tools from CAQH CORE
For Providers

Contact Your Health Plans!

- To benefit from new EFT and ERA mandates, ensure your provider organization has requested the transactions from its health plans and EFT & ERA Operating Rule implementation status
- To help facilitate this request, CAQH CORE developed the ***Sample Provider EFT Request Letter***
- Providers can use this sample letter as template email or talking points with health plan contacts to request enrollment in EFT/ERA and benefits of operating rules
- The tool includes background on the benefits EFT, key steps for providers, an actual letter template, and glossary of key terms

Contact Your Banks!

- To maximize the benefits available through the CAQH CORE Reassociation Rule, providers must request delivery of the necessary data for EFT and ERA reassociation
- To help facilitate this request, CAQH CORE developed the ***Sample Provider EFT Reassociation Data Request Letter***
- Providers can use this sample letter as template email or talking points with bank contacts to request delivery of the reassociation data
- The tool includes background on the benefits of the letter, key steps for providers, an actual letter template, and glossary of key terms

Q&A

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 of VoIP: When prompted for audio portion of Q&A, please press "Raise Hand" Button to queue up to ask a question

***NOTE**: In order to ask a question during the audio portion of the Q&A please make sure that you have entered the **"Audio PIN"** (which is clearly identified on your user interface) by using your telephone keypad.*

Thank You for Joining Us!

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APPENDIX

Additional Information and Resources

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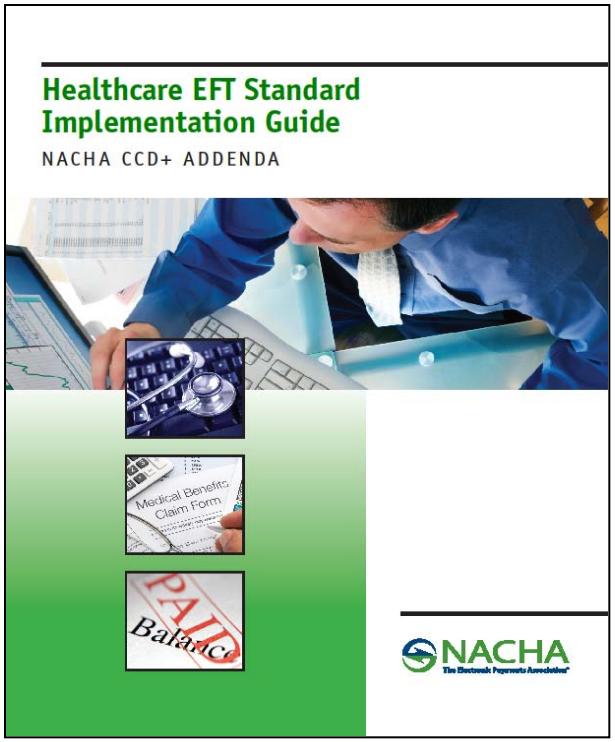
Healthcare EFT Standard Implementation Guide

- 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



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
- 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”

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
- CMS eHealth University
  - What Administrative Simplification Does For You – This fact sheet explains the basics behind how Administrative Simplification will help improve health care efficiency and lower costs
  - Introduction to Administrative Simplification – This guide gives an overview of Administrative Simplification initiatives and their purposes
  - Introduction to Administrative Simplification: Operating Rules – A short video with information on Administrative Simplification operating rules
- Additional Questions
  - Questions regarding HIPAA and ACA compliance can be addressed to:
    - Geanelle Herring, Health Insurance Specialist, Geanelle.Herring@cms.hhs.gov

NPRM Certification of Compliance for Health Plans
Draft HIPAA Credential Forms

- ***What:*** Samples of the three key HIPAA Credential application forms were developed for comment. They are ***for illustrative purposes only***, based on the proposed requirements in the NPRM; links to the sample forms are below and are publicly available on the CAQH website HERE
  - Draft HIPAA Credential - Attestation of HIPAA Compliance Form
  - Draft HIPAA Credential - Application Form
  - Draft HIPAA Credential - Attestation of Trading Partner Testing Form
- ***Why, When and How:*** The draft forms are intended to give covered health plans (CHPs) a sense of the type of documentation that is proposed under the HIPAA Credential application process.
  - Comments on the forms are being sought – comments should NOT be those ***already addressed*** in the NPRM Model letter, e.g. production data should be equal to testing data. Rather, seeking input on the clarity of the forms and, when appropriate, submission instructions within the context of the proposed requirements defined in the NPRM sample forms
    - Will send out public request and also ask the CORE Testing and Certification Subgroup, understanding that CAQH CORE will stay within the general scope outlined in the NPRM.
  - If appropriate, ***after publication of the HHS Final Rule***, CAQH CORE will publish the final versions of the HIPAA Credential application forms.
    - The draft forms **cannot** be used to obtain a HIPAA Credential at this time.
    - No HIPAA Credentials will be issued until HHS issues a Final Rule.

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Mandated EFT & ERA Operating Rules:
Scope and Requirements

Rule		High-Level Requirements
Data Content	***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
Infrastructure	***EFT Enrollment Data Rule*** 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 Rule 382	• Similar to EFT Enrollment Data Rule
	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
	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

* CMS-0028-IFC excludes requirements pertaining to acknowledgements. The complete Rule Set is available HERE.

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