

August 1, 2011

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Dear Co-Chairs of the NCVHS Subcommittee on Standards:

This letter is to provide an update in response to the NCVHS March 23<sup>rd</sup> recommendation to the Secretary of Health and Human Services (HHS) that CAQH CORE, in collaboration with NACHA, be the candidate authoring entity of operating rules for all health care Electronic Funds Transfer (EFT) and Electronic Remittance Advice (ERA) transactions mandated under the Affordable Care Act (ACA). This NCVHS recommendation outlined that CAQH CORE submit to NCVHS fully vetted operating rules for Committee consideration by August 1, 2011. We are especially pleased to submit this letter to you given the tremendous level of involvement by the various sectors of healthcare and the high degree of coordination with the financial services industry during the development of these draft rules.

At this time, the industry has drafted five CAQH CORE EFT and ERA Operating Rules. A link to each draft rule is below; also, for your reference, a summary of each draft rule is included as an attachment to this letter. Each draft rule has been well vetted through the multiple stages of development and was deemed a priority among the many suggestions initially considered. We respectfully request that NCVHS consider these rules as *draft*. Further vetting is underway to finalize the rules per the CAQH CORE process or to identify further dialogue that should occur within the industry.

- [Draft Phase III CORE ERA Infrastructure \(835\) Rule](#)
- [Draft Phase III CORE EFT Enrollment Data Rule](#)
- [Draft Phase III CORE ERA Enrollment Data Rule](#)
- [Draft Phase III CORE EFT & ERA Reassociation \(CCD+/835\) Rule](#)
- [Draft Phase III CORE Uniform Use of CARCs and RARCs \(835\) Rule](#); includes [Draft CORE-required Code Combinations for CORE-defined Business Scenarios](#)

In the short four months since the NCVHS recommendation was issued, and in keeping with the direction of NCVHS, the medical, pharmacy and financial services industries have collaborated in the following important ways in order to draft these rules<sup>1</sup>:

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<sup>1</sup> This collaboration included the execution of a Memorandum of Understanding (MOU) between CAQH CORE and NCPDP. As noted in the NCVHS March letter, the EFT and ERA rules were to address the medical and pharmacy community as pharmacy uses the X12 version of the ERA.

- Conducting very detailed research, e.g., review of over 100 EFT and ERA enrollment forms to identify key gaps in data collection that create a barrier to provider adoption.
- Identifying priorities to ensure a focus on the goal of administrative simplification.
- Agreeing upon evaluation criteria, and placing emphasis on ensuring that all CAQH CORE Operating Rules meet the ACA definition of operating rules as opposed to the role of standards as described in the Interim Final Rule “Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claim Status Transactions” promulgated by HHS on July 8, 2011<sup>2</sup>.
- Debating the potential approaches to addressing the high priority areas via operating rules. The wide range of potential approaches for each rule area and the rationale for selecting the approach for each area is available for NCVHS review.
- Holding numerous open calls and sharing draft documentation with a wide range of constituents; many constituents in turn forwarded copies of the drafts to their affiliates or members.
- Drafting rule language that addresses requirements specific to pharmacy versus medical.
- Outlining areas for potential changes to the *NACHA Operating Rules* for the CCD+ standard given the progress in healthcare operating rules, thus ensuring that there is coordination between the financial services and healthcare industries’ operating rules targeted at healthcare administrative simplification.
- Widely vetting the complete draft CAQH CORE Operating Rules through the weekly call process, open update calls, surveys, straw polls and actively sharing updates on the CAQH CORE and NACHA websites.

We would like to highlight some examples of the number and types of industry entities involved at each step in the process. Over 130 entities actively participated in a survey regarding operating rule priorities, and over 80 organizations have been actively attending CAQH CORE calls on a weekly basis. These entities represent a mix of providers, health plans, financial institutions, and vendors/clearinghouses, among others, such as Medicare. During the process, special emphasis has and is being placed on coordinating with standards development organizations (SDOs), states and others per the NCVHS recommendations. For instance:

- Representatives from both the National Council for Prescription Drug Programs (NCPDP) and ASC X12 have attended nearly every CORE rule-writing call, and both groups have participated in the many requests for research reviews and straw polls of the draft rules.
- Best practices from the State of Minnesota and the State of Washington were reviewed in great detail, and very useful verbal commentary from entities in those states on the benefits of their approaches was openly shared.
- The Centers for Medicare and Medicaid Services (CMS) Medicare shared PHI-protected data on ERAs from FY 2010 that was essential to analysis on one of the draft rules.
- Numerous entities new to healthcare operating rules have contributed expertise and driven awareness of the effort, e.g., US Treasury.
- NACHA, representing its 11,000 financial institutions participants, has distributed information on the draft operating rules to its healthcare task force members.

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<sup>2</sup> The applied criteria are available for NCVHS review.

During these four months of rule-writing, more than 30 open calls have been held and over 15 straw polls have been completed. The industry coordination, openness, sharing and collaboration have been inspiring. The resource commitment by the industry – from assigning experts to chair the groups or attend calls to collecting detailed data – has been exceptional. It also underscores the complicated and labor intensive task of developing operating rules that satisfy the needs of a large and multi-faceted industry. Moreover, it demonstrates the commitment of the industry to drive needed change in a thoughtful and deliberative manner, especially given that the rules may be recommended by NCVHS and CMS, pursuant to the ACA, for mandatory adoption.

As soon as the CAQH CORE Rules Work Group completes its final ballot of the draft rules conducted in accordance with our established rulemaking process, we will formally submit the approved rules for NCVHS consideration. We anticipate that this submission will occur by the end of September. The submission will include the rules approved by the CAQH CORE Rules Work Group, and if appropriate, an overview and rationale of any rules that require further dialogue. In addition, a number of industry partnerships have expanded through this rule-writing process, so we will outline intended industry coordination aimed to support the implementation of the EFT and ERA Operating Rules. Upon receiving your review, CAQH CORE will finalize its operating rules, taking your recommendations into account. Should your schedule permit, we would look forward to an opportunity to formally report to NCVHS at its September hearings.

Meanwhile, should you have any questions, concerns or initial input on the draft rules, please do not hesitate to contact Gwendolyn Lohse at 202-778-1142 or [glohse@caqh.org](mailto:glohse@caqh.org).

Sincerely,



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Deputy Director CAQH and Managing Director CORE



Janet O. Estep  
President and CEO, NACHA

cc: CORE Participants  
Members and Staff of NCVHS Subcommittee on Standards  
Robin Thomashauer, Executive Director, CAQH  
Robert Tagalicod, Director, Office of E-Health Standards and Services, CMS  
Lorraine Doo, Acting Deputy Director, Office of E-Health Standards and Services, CMS  
CAQH CORE EFT & ERA Co-Chairs  
CAQH Board

Att: Summary of CAQH CORE EFT and ERA Operating Rules as of August 1, 2011