



EFT and ERA Overview for Healthcare Providers

Overview: EFT and ERA for Healthcare Providers

Agenda

- About CAQH.
- Explanation of EFT and ERA.
- Benefits for Providers using EFT and ERA.
- Common Myths and Misperceptions.
- EFT and ERA Reassociation: CAQH CORE Operating Rules
- Addressing Challenges of Signing up with Multiple Plans
- The EnrollHub Solution from CAQH.
- Next Steps.

About CAQH

CAQH, a non-profit alliance, is the leader in creating shared initiatives to streamline the business of healthcare. Through collaboration and innovation, CAQH accelerates the transformation of business processes, delivering value to providers, patients and health plans.

CAQH Initiatives:

- **COB Smart**[®] quickly and accurately directs coordination of benefits processes.
- **CAQH ProView**[™] eases the burden of provider data collection, maintenance and distribution.
- **EnrollHub**[®] reduces costly paper checks with enrollment for electronic payments and electronic remittance advice.
- **CAQH CORE**[®] maximizes business efficiency and savings by developing and implementing federally mandated operating rules.
- **CAQH Index**[®] benchmarks progress and helps optimize operations by tracking industry adoption of electronic administrative transactions.

Industry Collaboration as a Key CAQH Strategy

- CAQH seeks to collaborate and build consensus among involved stakeholders for lasting, effective change by:
 - Aligning stakeholder goals.
 - Creating focused direction.
- Health and dental plans can:
 - Act as catalysts for changes.
 - Reduce complexities of inefficient business processes.
 - Implement consistent approaches to non-proprietary processes.
- Healthcare providers can:
 - Promote and request consistent approaches across their vendors.
 - Participate in initiatives that reduce their administrative burden and costs.

CAQH Involvement in EFT and ERA

- CAQH CORE developed the ACA-mandated operating rules for EFT and ERA.
 - Conducts on-going outreach and education to inform health plans, provider organizations, vendors and trading partners how to follow those rules.
 - Phase III CORE Certification tests compliance with the EFT/ERA operating rules and awards certification for those entities that do so.
- CAQH Solutions developed an industry-wide enrollment tool to encourage easy EFT/ERA participation.
- CAQH Index tracks industry adoption of electronic claims payments and related cost savings for both plans and healthcare providers.

What is “Electronic Funds Transfer”?

- An Electronic Funds Transfer (EFT) is the electronic exchange or transfer of funds from one account to another.
- EFT offers a safe, convenient, timely and less expensive alternative to paper checks or virtual card payments.
- In 2014, there were more than 149 million healthcare EFT transactions from health plans to providers, transferring \$876.6 billion in claim payments¹.
- Almost all EFTs are “ACH Network” transactions.
 - “Automatic Clearing House” (ACH)
 - Form of electronic payment used by most health plans, including Medicare, to pay healthcare providers.

1. Source: NACHA, The Electronic Claims Association, October 2015

What is the “Automated Clearing House Network”?

- The ACH Network is at the center of U.S. commerce, moving money and information from one bank account to another through Direct Deposit and Direct Payment.
 - Direct deposit (e.g., employee payroll, tax refunds).
 - Direct payment (e.g., funds used to make a payment.)
- Each year it moves more than \$40 trillion and nearly 23 billion electronic financial transactions, and currently supports more than 90 percent of the total value of all electronic payments in the U.S.
 - One of the largest, safest and most reliable payment systems in the world
- Instead of using paper to carry necessary transaction information, such as with checks, ACH Network transactions are transmitted electronically, allowing for faster processing times and cost savings.

Source: NACHA, The Electronic Claims Association, October 2015

What is Electronic Remittance Advice (ERA)?

- Electronic Remittance Advice (ERA) is an electronic explanation to the healthcare provider of the health insurance payment made, including:
 - Information regarding the patient.
 - The healthcare service or procedure performed.
 - The healthcare provider performing that procedure.
 - Any claims adjustments.
- EFT and ERA work together, with ERA containing information about a specific healthcare claim and resulting EFT payment.
- ERA used in combination with EFT enables automated reconciliation and posting.
- “Explanation of Benefits” (EOB) is sometimes used interchangeably with Remittance Advice, but generally refers to the claims and payment information provided by paper to the provider or patient.

ACA-Mandated Electronic Payment Options

- January 1, 2014, new regulations went into effect, giving healthcare providers the right to choose the electronic payment option (for claims reimbursement) that is best for their practice.
- HIPAA requires health plans to make EFT via ACH available upon request.
 - Some plans have been pro-active in their outreach to inform providers about their EFT options.
 - Some plans may only have a web portal or hard copy form for providers to fill out and send in to the plan for EFT enrollment.
- Health plans are not allowed to delay or reject an EFT or ERA transaction and/or charge an excessive fee.
- However, providers should know and understand any restrictions in payment methods when contracting with specific health plans.

Benefits for Providers of using EFT: Cost Savings

- EFT and ERA result in considerable savings¹ for healthcare providers:

Claim Payment	Health Plan Costs (per transaction)	Provider Costs (per transaction)
Manual	\$0.18	\$4.15
Electronic	<u>\$0.05</u>	<u>\$1.11</u>
Savings	\$0.13	\$3.04
Remittance Advice		
Manual	\$0.17	\$5.36
Electronic	<u>\$0.04</u>	<u>\$1.19</u>
Savings	\$0.13	\$4.17

- Additionally, on average, virtual cards charge 3% of the total transaction amount plus a \$0.10 per transaction fee².

1. Source: 2014 CAQH Index (data from non-dental healthcare providers).

2. Source: NACHA, The Electronic Claims Association.

Benefits for Providers of Using EFT: Improved Cash Flow

- Funds are received and available for use in healthcare practice bank accounts the next business day after a plan initiates payment.
- Funds are available seven days faster than paper checks (on average).
 - Delays for checks includes mailing, deposit and funds clearance.
- No staff time required for bank visits to make deposits.

Why Don't Some Providers Use EFT/ERA?

A number of misperceptions prevent some healthcare practices from using EFT and ERA.

Myth:

- Receiving EFT requires special equipment and a dedicated bank account.

Fact:

- A healthcare practice may sign up to receive electronic payments from a health plan directly into their existing bank account.
- Some practices may need to upgrade their practice management or accounting software to accommodate automated posting, but it is not necessary if a provider simply wants to receive EFT.

Why Don't Some Providers Use EFT/ERA?

Myth:

- EFT is less secure than other methods of payment.

Fact:

- EFT is among the safest forms of payment available. Funds are transferred directly from the health plan bank account to the provider's bank account via the ACH Network.
- EFT eliminates the risk of lost or stolen checks, or stolen virtual card numbers.
- Check fraud continues to be more prevalent than illegal access to bank accounts.¹ Paper checks pass through a number of hands before the transaction is complete.

1. Source: NACHA, The Electronic Claims Association

Why Don't Some Providers Use EFT/ERA?

Myth:

- The health plan that deposits claims payments in my account via EFT can also remove funds as well.

Fact:

- NACHA has in place an enforceable set of rules for all organizations that use the ACH Network to transmit payment.
 - Unauthorized debits to a provider's account are not permitted.
- Per specific health plan contracts, they may seek repayment for funds sent in error (e.g., duplicate or incorrect payment).
 - However, this is equally true for payment methods other than EFT.

Why Don't Some Providers Use EFT/ERA?

Myth:

- It is difficult to reconcile EFT with the Remittance Advice from health plans.

Fact:

- Most of the leading practice management systems have the capacity to support EFT and ERA transactions.
- Remittance Advice is generally available via a plan web portal.
- Providers can work with their bank to obtain reassociation trace numbers on EFT and ERA.

CAQH CORE Operating Rules Help EFT/ERA Reassociation

- The ACA-mandated CAQH CORE EFT & ERA Operating Rules include requirements to make it easier for healthcare providers to receive both claim payment and remittance advice electronically.
- The rules require health plans to transmit a trace number within the EFT so that providers can match it to a trace number in the association ERA. (*TRM Reassociation Trace Number Data Segment*).
- Financial institutions are required to deliver this data via a secure, electronic means.
 - Data is not necessarily sent automatically; a request may be required. CAQH CORE has a sample letter a provider can send to his/her bank.
- CAQH CORE has resources available to assist healthcare providers on this tailored [website](#).

Payment Reconciliation with ERAs

- In most cases, ERAs can be requested at the same time as EFTs via ACH. Your bank is required to deliver ACH remittance data to your practice.
 - If your bank denies this request, contact NACHA, which governs the ACH network.
- Talk to your vendors. Communication and cooperation between all parties involved in the EFT process – practices, banks, clearinghouses, practice management systems – is essential to a smooth transition.
 - Ask your clearinghouse and practice management system if they can support EFT/ERA reconciliation and auto-posting. Also, ask about any set-up help or services they might provide.

Why Don't Some Providers Use EFT/ERA?

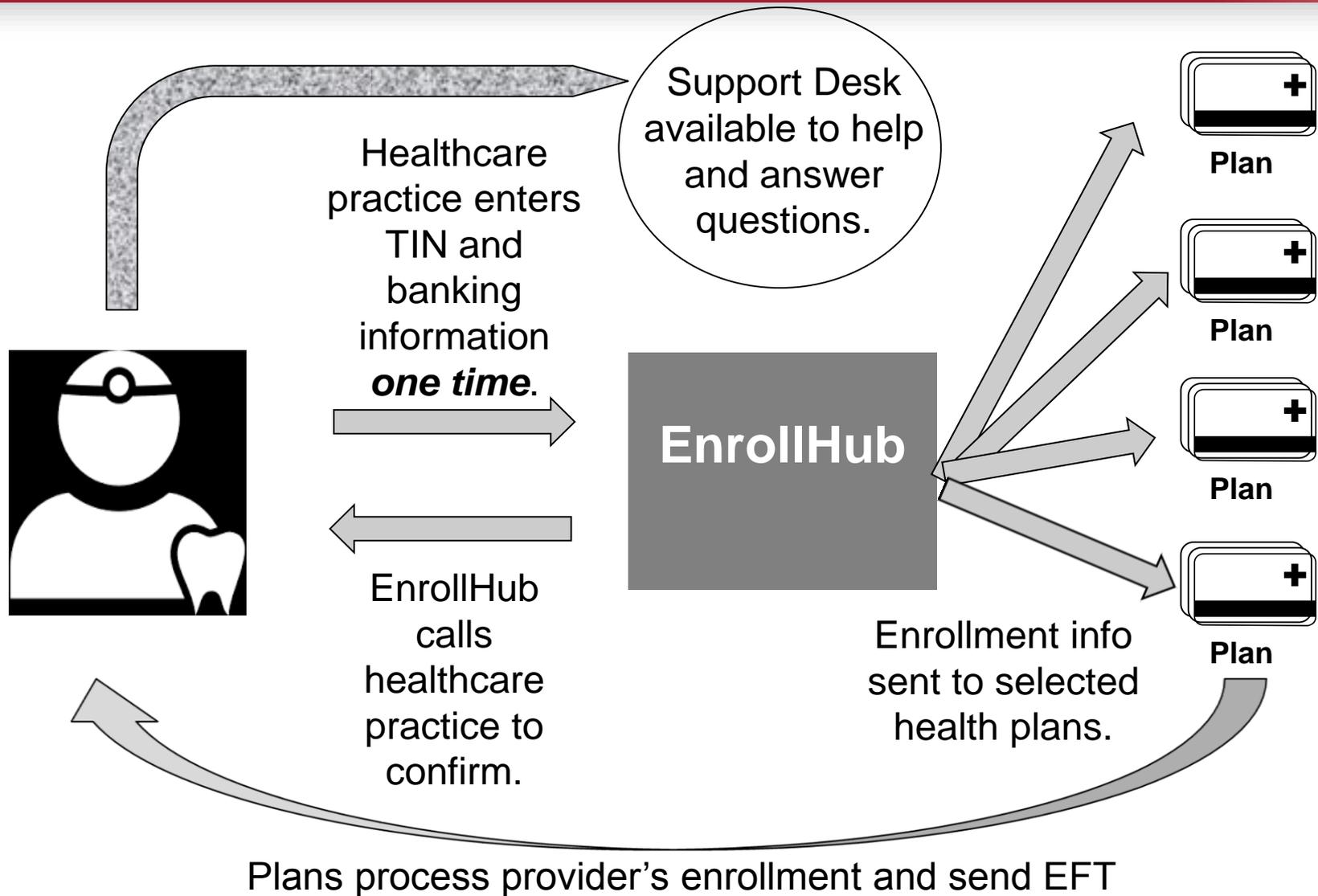
Myth:

- Signing up for EFT and ERA requires a complicated, time-consuming process with each health plan.

Fact:

- CAQH has developed an industry-wide, multi-payer solution – EnrollHub – that enables providers to enter their banking information ***only once***.
- This information can be then used by designated, participating health plans to enroll and manage electronic payments and remittance advice.
- Any changes or updates to banking information is shared automatically with all participating plans.

EnrollHub One-to-Many Solution for EFT/ERA



Easy EFT/ERA Enrollment via EnrollHub

- A number of national and regional health insurance plans are currently participating in EnrollHub, and new plans continue to join:
 - Aetna
 - Anthem
 - Cigna
 - Humana
 - Kaiser Permanente
- Over 200,000 healthcare providers are already participating, and thousands more join each month.

EnrollHub Highlights

- Web-based design enables providers to easily enter their EFT enrollment information.
- Aligns with CORE ERA / EFT Operating Rules for definition of the standard enrollment data set and supporting documents.
- Provider support center addresses questions and assists with enrollments.
- Easy to upload documents electronically, including a voided check or bank letter.
- Pre-note transactions via ACH partners to validate bank account information.
- Health plans access enrollment information through a web-based portal or API.
- CAQH works with plans to conduct campaigns to encourage greater participation by healthcare providers.

EnrollHub Advantages for Healthcare Providers

- **One-to-Many** – Single, easy-to-use point of entry for providers to enroll in EFT and ERA and manage enrollment information with multiple payers.
- **No Cost** – No charge for providers to use; participating health plans pay a low fee to cover the costs to develop and run the solution.
- **Secure** – Robust encryption, firewalls and strong password requirements safeguard sensitive data.
 - Providers have complete control of their information at all times.
- **Flexible** – Focused on enrollment; enables providers to use their preferred downstream payment processing or remittance advice presentment solution.

Next Steps: Get Started with EnrollHub Today

- Visit: solutions.caqh.org to register.
- Need assistance?
 - Contact the CAQH Provider Help Desk at 844-815-9763 or email efthelp@enrollhub.caqh.org
 - Help Desk hours are 7am-9pm EST Monday – Thursday and 7am-7pm EST Friday