CAQH CORE

Value of Healthcare e-Payments

Thursday, November 17, 2016

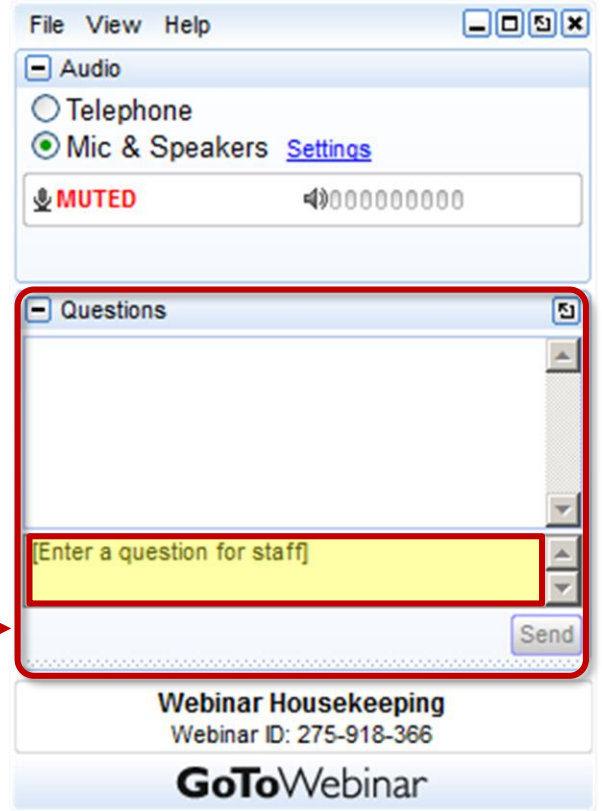
2:00 PM ET

Logistics

Presentation Slides & How to Participate in Today's Session

- **Download a copy of today's presentation slides at caqh.org/core/events**
  - Navigate to the Resources section for today's event to find a PDF version of today's presentation slides
  - Also, a copy of the slides and the webinar recording will be emailed to all attendees in the next 1-2 business days
- 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

Questions can be submitted ***at any time*** with the **Questions panel on the right side of the GoToWebinar desktop**



CAQH CORE

Thank You Speakers!

CAQH CORE would like to thank our guest presenters for today's webinar.

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

Robert M. Tennant, MA
Director, HIT Policy
Medical Group Management Association
Representing Workgroup for Electronic Data Interchange (WEDI)

Session Outline

- Welcome and Introduction
- Interconnected Payment-Remittance Transactions: Phase III CAQH CORE Operating Rules
- CAQH Index: EFT and ERA Transaction Use Update
- NACHA Electronic Healthcare Payment Update (CCD+ Specifications)
- WEDI Electronic Payments Guiding Principles
- Virtual Dialog
- Audience Q&A

Interconnected Payment-Remittance Transactions: Phase III CAQH CORE Operating Rules

Erin Richter Weber
CAQH CORE Associate Director

ACA Mandated Healthcare EFT Standard and EFT & ERA Operating Rules

Healthcare EFT Standard

CMS announced CMS-0024-IFC is in effect July 2012.

Adopted 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

CMS announced CMS-0028-IFC should be considered the Final Rule and is in effect April 2013.

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.*

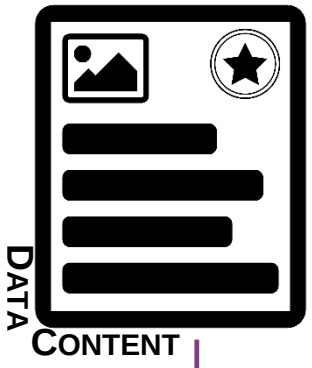
CMS confirms the CORE Code Combinations maintenance process updates are immediately effective.

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.

Phase III

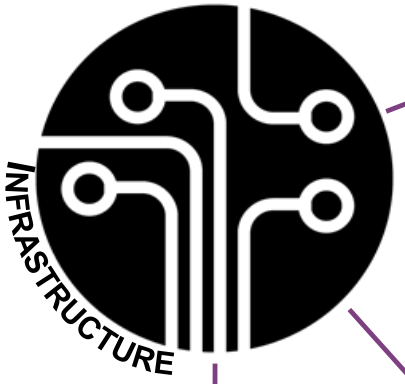
Faster Payment & Accurate Reconciliation



CAQH CORE 360

Uniform Use of CARCs & RARCs (835) Rule

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



CAQH CORE 350

Health Care Claim Payment/Advice (835) Infrastructure Rule

- Specifies use of the CAQH CORE Master Companion Guide Template for flow and format
- 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

***Note:** CMS-0028-IFC excludes requirements pertaining to acknowledgements

CAQH CORE 370

EFT/ERA Reassociation (CCD+/835) Rule

- 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
- Determines requirements for resolving late/missing EFT/ERA transactions
- Recognizes of the role of NACHA Operating Rules for financial institutions

CAQH CORE 380/382

EFT Enrollment Data Rule (380)
ERA Enrollment Data Rule (382)

- 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
- Requires providers to specify how payments should be made, i.e. by NPI or by Tax ID, as part of the EFT &/or ERA enrollment process

CAQH CORE

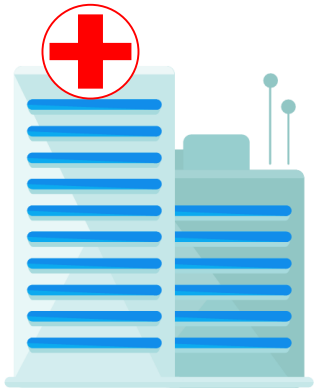
How EFT & ERA Operating Rules Benefit Providers

Key Benefits

- **Standardized electronic enrollment for EFT/ERA**: Providers will be able to enroll in both EFT and ERA electronically with all health plans using a consistent set of data elements
- **Potential reduction in manual claim rework**: With health plans more consistently using denial and adjustments codes per the CORE-defined Business Scenarios, providers will have less rework
- **Reduction in A/R days:** Automated and timely re-association of EFT and ERA leading to efficiencies and reduced errors for payment posting

Savings Estimate

- Between $300 million and $3.3 billion over 10 years* for providers, including hospitals and health systems, and health plans



Healthcare Provider

Timeframe

- Both the ACA-mandate and Medicare required compliance with the EFT Standard and the EFT & ERA Operating Rules by January 2014
- Hospitals and Health Systems have been working with their trading partners to achieve these benefits

* Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claim Status Transactions

Ongoing Maintenance of the EFT & ERA Operating Rules

The CAQH CORE EFT & ERA Operating Rules support the healthcare industry's transition to electronic payment and remittance advice and recognizes the need for ongoing Maintenance Activities.

Ongoing Maintenance of the CORE Code Combinations for CAQH CORE 360 Rule

Goal: Address need for the CORE-required Code Combinations to align with changes to the published CARC and RARC lists made by the respective Code Maintenance Committees as well as ongoing and evolving industry business needs.

The CAQH CORE EFT & ERA Operating Rules, among other things, simplify the language used to communicate about claim payment and remittance information.

The CAQH CORE 360 Rule brings uniformity to use of Claim Adjustment Reason Codes (CARCs), Remittance Advice Remark Codes (RARCs), and Claim Adjustment Group Codes (CAGCs) by identifying a limited set of CARC/RARC/CAGC combinations to be used in defined universal business scenarios.

Ongoing Maintenance of the EFT & ERA Enrollment Data Sets for CAQH CORE 380 & CAQH CORE 382 Rules

Goal: Incorporate lessons learned from increased EFT and ERA enrollment and address emerging, new, or changing industry business needs on an ongoing basis.

The CAQH CORE EFT & ERA Operating Rules address the barriers to greater provider EFT and/or ERA enrollment due to the variance in the required processes and data elements.

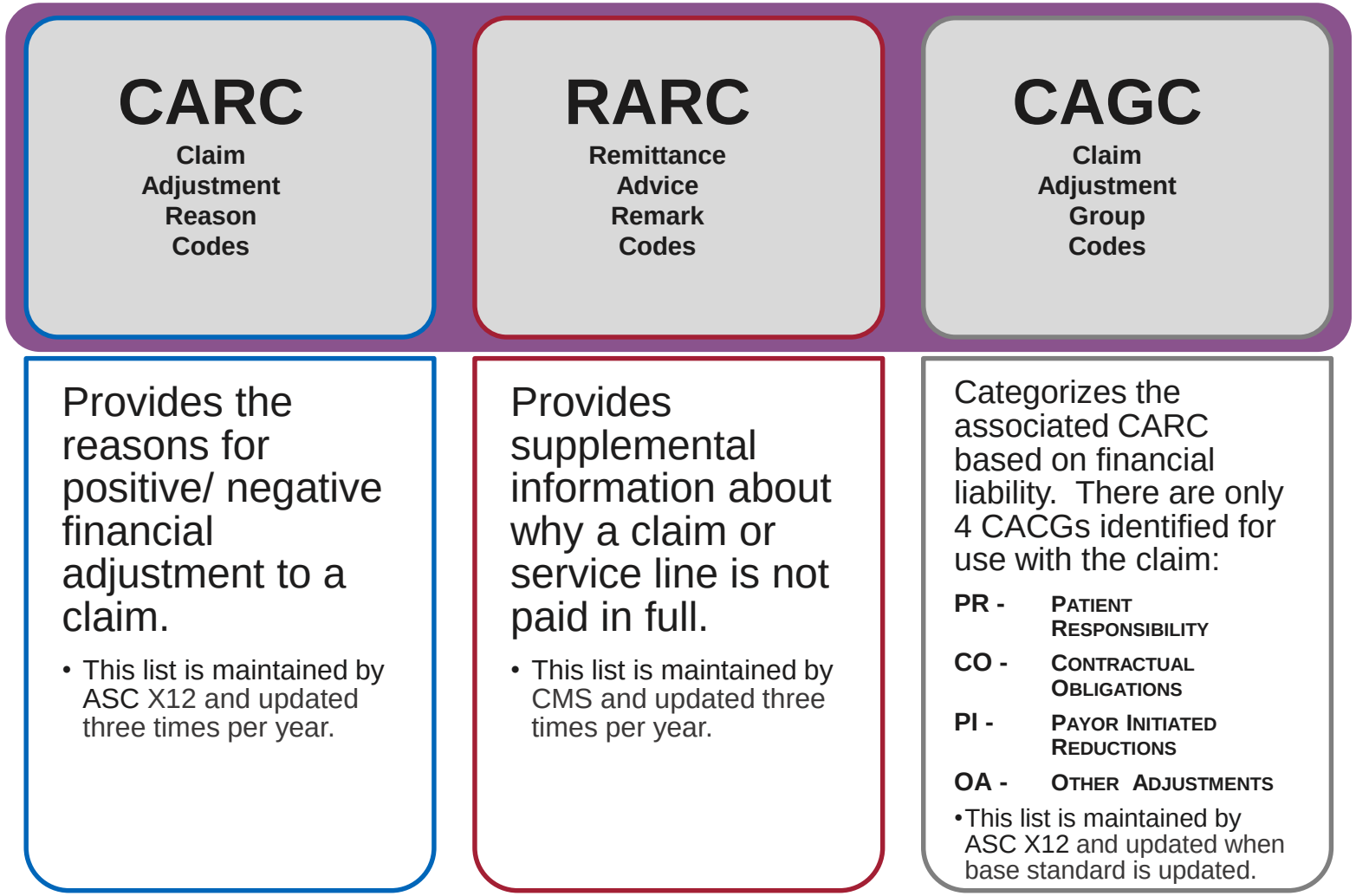
The Operating Rules recognize the need for ongoing maintenance of the CORE-required Maximum EFT & ERA Enrollment Data Sets and requires establishment of a policy and process to review the Enrollment Data Sets on an annual basis.

CAQH CORE Work Improves Denial Management

Health plans deny or adjust claims via combinations of claim denial/adjustment codes sets that are meant to supply the provider with the necessary detail regarding the payment or denial of the claim.

CAQH CORE is responsible for maintaining the *CORE Code Combinations* via the *CORE Code Combinations* Maintenance Process.

This consistent and uniform use of the codes for electronic reporting of claims denials and adjustments improves denial management.



CAQH CORE Code Combinations Maintenance

CORE Business Scenario #1:	CORE Business Scenario #2:	CORE Business Scenario #3:	CORE Business Scenario #4:
Additional Information Required – Missing/Invalid/ Incomplete Documentation (~365 code combos)	Additional Information Required – Missing/Invalid/ Incomplete Data from Submitted Claim (~390 code combos)	Billed Service Not Covered by Health Plan (~810 code combos)	Benefit for Billed Service Not Separately Payable (~60 code combos)

Stability of *CORE Code Combinations* maintained

CAQH CORE Compliance-based Reviews

- Occur 3x per year
- **Triggered by tri-annual updates to the published CARC/RARC lists** by code authors
- Include only adjustments to code combinations to align with the published code list updates (e.g. additions, modifications, deactivations)

Supports ongoing improvement of the *CORE Code Combinations*

CAQH CORE Market-based Reviews

- Occur 1x per year
- Considers industry submissions for adjustments to the *CORE Code Combinations based on business needs*
- Opportunity to refine the *CORE Code Combinations* as necessary to ensure the *CORE Code Combinations* reflect industry usage and evolving business needs

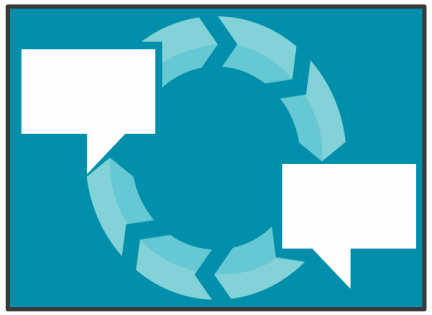
Has your organization experienced any benefits?
We want to hear from you! Reach out to us at CORE@caqh.org.

Key Impacts of CAQH CORE Enrollment Data Rules

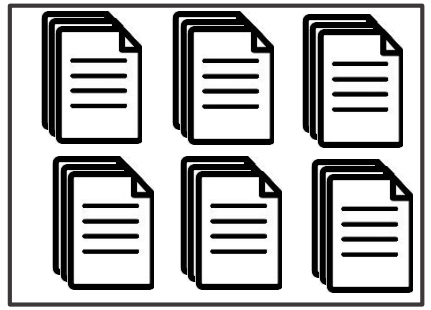
Simplifies provider EFT & ERA enrollment by having health plans collect the same consistent data from all providers.

Addresses situations where providers outsource financial functions.

Incorporates lessons learned from increased enrollment and to meet changing industry needs.



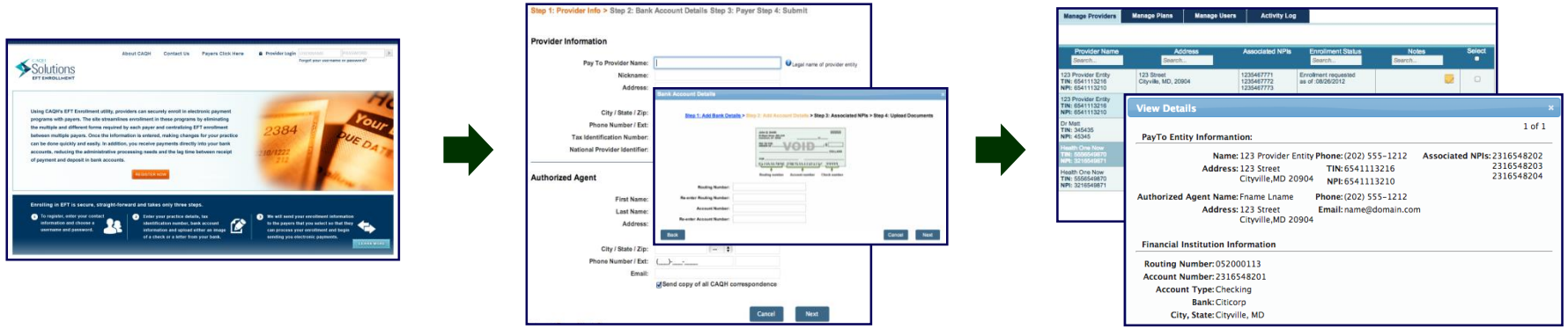
Enables health plans to collect standardized data for complex organizational structures and relationships.



EFT/ERA Enrollment Data Sets Maintenance

Annual Requirements	**CAQH CORE Enrollment Data Task Group conducts two types of reviews on an alternating, annual schedule:** ➢ **Limited Review (2016 review in process):** A**ddress only non-substantive adjustments; HIPAA-covered entities do not need to update enrollment forms/systems** ➢ **Comprehensive Reviews (scheduled for Fall 2017):** Address **substantive *and* non-substantive adjustments; if substantive adjustments are approved, HIPAA-covered entities will need to update enrollment forms/systems**
2016 Commitments/ Timeline	**Fall 2016:** Task Group is currently conducting a Limited Review of the current EFT & ERA Enrollment Data Sets for any potential non-substantive adjustments. Any adjustments will be published by the end of 2016. As any adjustments will be non-substantive, HIPAA-covered entities will NOT need to update their enrollment forms/systems.

Potential Solution: Streamlined Enrollment – CAQH EnrollHub



- Web-based data entry for provider EFT and ERA enrollment information.
- Alignment with federally-mandated operating rules for definition of the standard enrollment data set and supporting documents.
- Web-based access portal for health plan customers.
- Multi-payer provider adoption campaigns.
- Telephonic provider support center.
- Voided check and other uploaded document processing.
- Pre-note transactions via ACH partners to validate bank account information.

CAQH Index

Raynard Washington
CAQH CORE Senior Manager

What is the CAQH Index?

- A voluntary nationwide survey of commercial medical and dental health plans and healthcare providers.
- The only industry source tracking the industry-wide transition to “full adoption” of electronic transactions and establishing benchmarks for volume and costs of transactions.
  - Tracking is critical to monitoring progress and identifying specific opportunities for further improvement.
- Guided by the CAQH Index Advisory Council.
  - Experts in administrative transactions, data analysis, and healthcare management representing providers, health plans, vendors and other industry partners.

Which Administrative Transactions Were Analyzed?

Transactions Tracked Since 2013

- **Claim Submission** (837)
- **Eligibility and Benefit Verification** (270/271)†
- **Prior Authorization** (278)
- **Claim Status Inquiry** (276/277)†
- **Claim Payment** (NACHA/CCD+)†
- **Remittance Advice** (835)†

Transactions Added in 2014

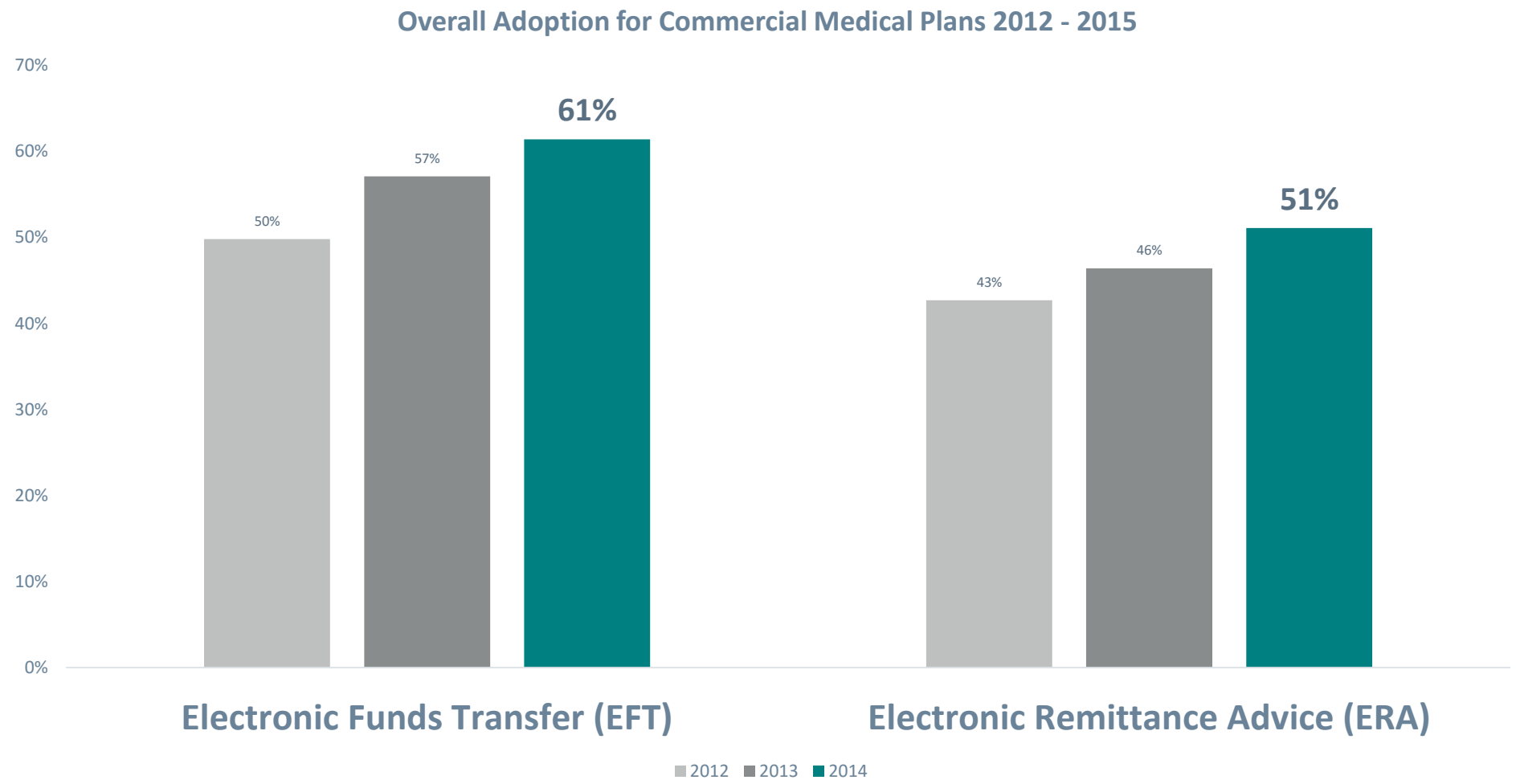
- **Claim Attachments**
- **Prior Authorization Attachments**

Transactions Added in 2015

- **Coordination of Benefits Claim** (837)
- **Referrals** (278)
- **Employer/HIX/Broker Enrollment/ Disenrollment** (834)
- **Employer/HIX/Broker Premium Payment/ Explanation** (820)

† Both HIPAA standards and operating rules are federally mandated.

EFT and ERA adoption continues to increase annually.



CAQH Explorations

Adoption varies significantly across participating health plans.

Transaction	Adoption Ranges for Commercial Medical Health Plans
Claim Payment	28% - 72%
Remittance Advice	34% - 65%

Producing Cost Per Transaction Estimates

- Participating health plans and healthcare providers provide cost per transaction estimates.
- Health plans and healthcare providers use a variety of internal reporting systems to estimate fully loaded, direct cost for each transaction factoring:
  - Staffing
    - > Number of employees working on specific transaction types
    - > Salaries associated with employees
  - Transactions
    - > Volume of transactions by type and mode
    - > Percent of time spent processing each transaction type by mode
  - Vendor Fees

How Much Administrative Transactions Cost the Industry?

- Dramatic cost differences between manual and electronic transactions for ***medical*** industry.

Transaction	Method	Health Plan Cost	Provider Cost	Industry Cost
Claim Payment	Manual	$0.57	$1.52	$2.09
	Electronic	$0.09	$0.96	$1.05
Remittance Advice	Manual	$0.50	$3.52	$4.02
	Electronic	$0.05	$2.41	$2.46

How Much Could the Industry Save from these 2 Transactions *Alone*?

- In total, transitioning from fully manual to fully electronic processes for these two transactions ***alone*** could save the **medical** industry over $600 million annually.

Transaction	Method	Health Plan National Savings Opportunity (in millions $)	Healthcare Provider National Savings Opportunity (in millions $)	Industry National Savings Opportunity (in millions $)
Claim Payment	Manual	$100	$116	$217
	Electronic			
Claim Remittance Advice	Manual	$93	$302	$396
	Electronic			
Combined Total	Manual	**$193**	**$418**	**$613**
	Electronic			

Questions?

The 2015 CAQH Index Report is available at
www.caqhindex.org

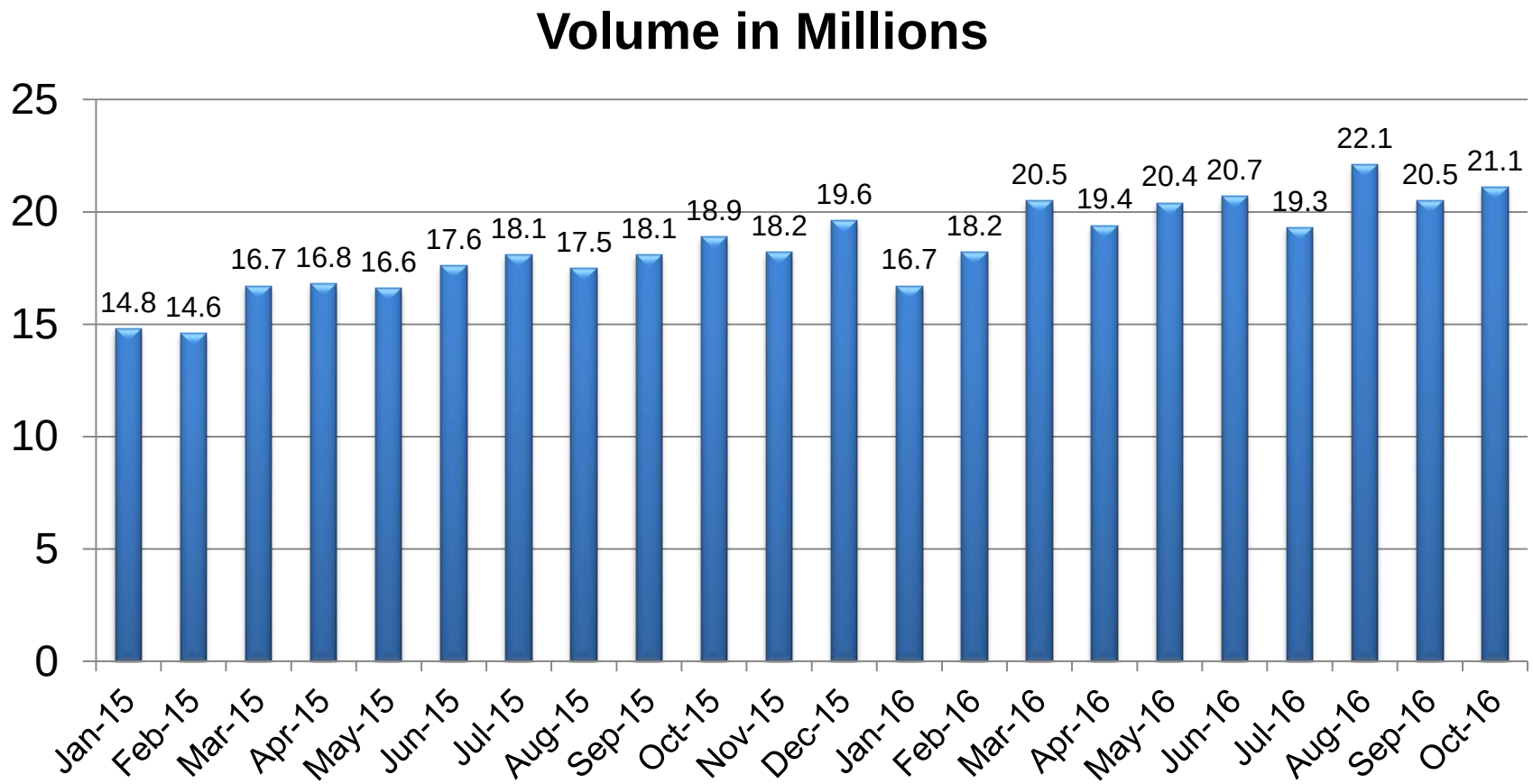
NACHA CCD+ Specifications

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

Healthcare EFT Standard

- 45 CFR 162.1602 identifies the healthcare EFT standard as the NACHA CCD+Addenda (effective Jan 1, 2014)
  - ACH business-to-business payment format (CCD) plus one addenda record with a maximum of 80 characters of information
  - Addenda must be populated with the TRN Reassociation Trace Number as defined in the ASC X12 835 version 5010 TR3 Report (Implementation Guide)
  - The TRN data segment is carried in the healthcare EFT standard and the Electronic Remittance Advice (ERA) 835 and used to reassociate the payment with the ERA
  - *All health plans must be able to deliver the healthcare EFT standard for claims reimbursement payments if it is requested by the provider*

2015 - 2016 Healthcare EFT Volumes



Trends

- 2014 – 104% increase in monthly healthcare EFT volume from January 2014 – December 2014
- 39% increase in total healthcare EFT volumes from 2014 to 2015
- Monthly volumes continue to increase in 2016 – 26% January to October
- Medicare volumes vs. private sector
  - July 2016 (19.3 million) Medicare was only 3% of the monthly volumes
- Most large hospitals, provider groups, and pharmacies receive healthcare claims payments via healthcare EFT standard
  - Challenge in getting smaller organizations to move to electronic payments

Barriers to Implementation

- Being charged a percentage-based fee based off total reimbursement amount
- Cost to modify internal system to reconcile/reassociate
- Time it takes to enroll with each health plan
- Auto-posting capabilities in patient accounting system
- Supplying bank account information to health plan

Source: *Aité Group's Q1 2016 survey of U.S. healthcare providers with less than $50 million in revenue*

WEDI ePayments TaskForce

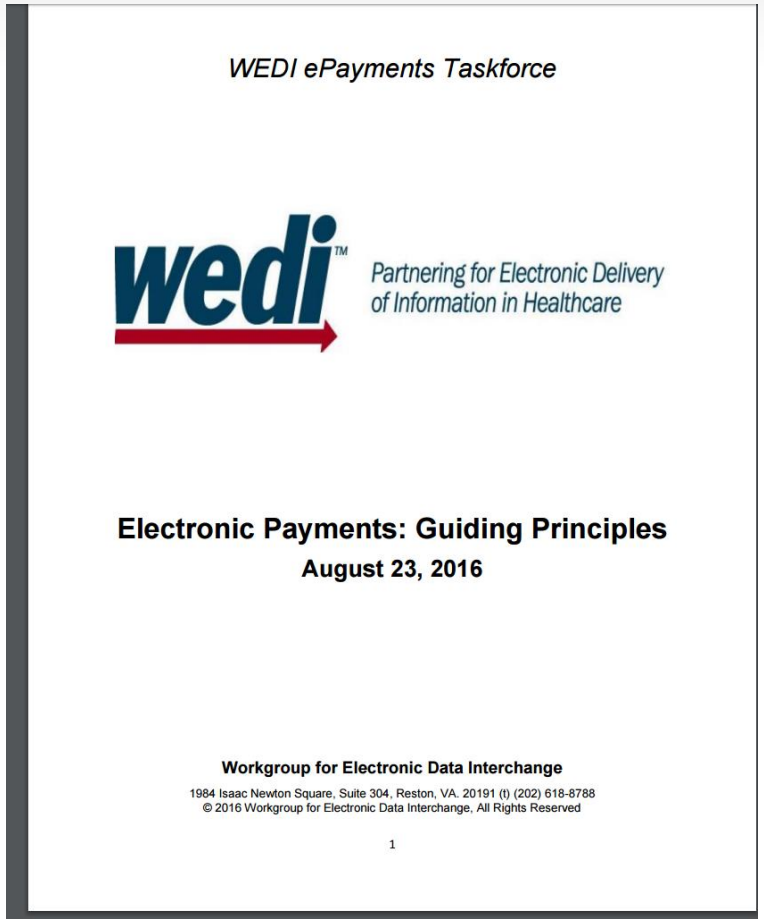
Robert M. Tennant, MA
Director, HIT Policy, MGMA

Why WEDI Formed the Taskforce

- While ACA provided national standards for EFT and supporting CAQH CORE ORs for EFT/ERA…
  - Sub-optimal Industry adoption
  - Some entities charging fees for EFT (25% of EFT payments, according to a WEDI survey)
  - Increased use of “Virtual” Credit Cards, with a WEDI survey finding that 40% of provider respondents had their payer require them to accept a VCC
  - MGMA has found that 87% received VCC payments without prior consent/notification
  - 70% reported payers provided no instruction on how to switch to EFT
  - Little government oversight

Taskforce Formation

- WEDI Taskforce formed to identify industry issues with electronic payments and create “guiding principles”
- Goal was to drive adoption of EFT and increase transparency for other e-payment methods
- Key stakeholder groups invited to participate: payers, providers, vendors, government
- Numerous conference calls to discuss multiple drafts
- Final version released publically in September, available at wedi.org



- Document includes:
  - Introduction/issue background
  - ACA requirements
  - EFT standards
  - Operating rules requirements
  - Guiding principles

Key Principles

1. A health plan, clearinghouse or payment-related vendor should complete the ACH EFT enrollment process within 30 days of receipt of provider enrollment information.
2. No delay of ongoing payments when a provider elects to begin receiving any form of electronic payment.

Key Principles

3. Providers notified (a) regarding fees associated with this payment method; (b) to check with any of their contracted vendors (i.e., their credit card merchant processer) regarding any additional administrative fees; and (c) about the availability of an ACH EFT payment option.

Key Principles

4. Before a provider may be paid via an epayment method other than ACH EFT, the provider should give explicit agreement (“opt-in”).
5. When a health plan or any of their clearinghouses or payment-related vendors offers an ACH EFT payment option, it should offer an ACH EFT option with no origination fees.

Key Principles

6. There should be transparency from health plans, clearinghouses and payment-related vendors regarding any required transition from paper-based payments to electronic payments, and providers should be given a minimum 90-day notice before the effective date of the electronic payment mandate and must opt-in to any nonstandard electronic payment method scheduled to replace a paper-based payment.
7. Providers must give explicit authorization prior to use of the ACH EFT debit transaction for recoupment purposes.

Taskforce Members

- Co-Chairs
  - Jay Eisenstock, Aetna
  - Robert Tennant, MGMA
- Members included:
  - Erin Richter Weber, CAQH CORE
  - Gail Kocher, BCBSA
  - Heather McComas, Terry Cunningham, AMA
  - Jim Daley, BCBSSC
  - John Kelly, Edifecs
  - Kim Kaczmarek, MasterCard
  - Lorraine Doo, CMS
  - Priscilla Holland, NACHA
  - Ryan Reddick, Anthem
  - Tom Myers, AHIP

Polling Question #1

Please indicate the extent to which your organization sends or receives health care payments through EFT (ACH Network only).

1. 1% - 25% of the time
2. 26% - 50% of the time
3. 51% - 75% of the time
4. Above 75% of the time
5. N/A

Virtual Dialog

Moderator
Jessica Porras
CAQH CORE Senior Manager

Virtual Dialog Panelists

Priscilla Holland
Senior Director, Healthcare Payments, NACHA

Robert M. Tennant
Director, HIT Policy
Medical Group Management Association

Erin Richter Weber
CAQH CORE Associate Director

Raynard Washington
CAQH CORE Senior Manager

Jessica Porras
CAQH CORE Senior Manager
MODERATOR

Polling Question #2

Please indicate the extent to which your organization sends or receives remittance advice data using the ASC X12 v5010 835.

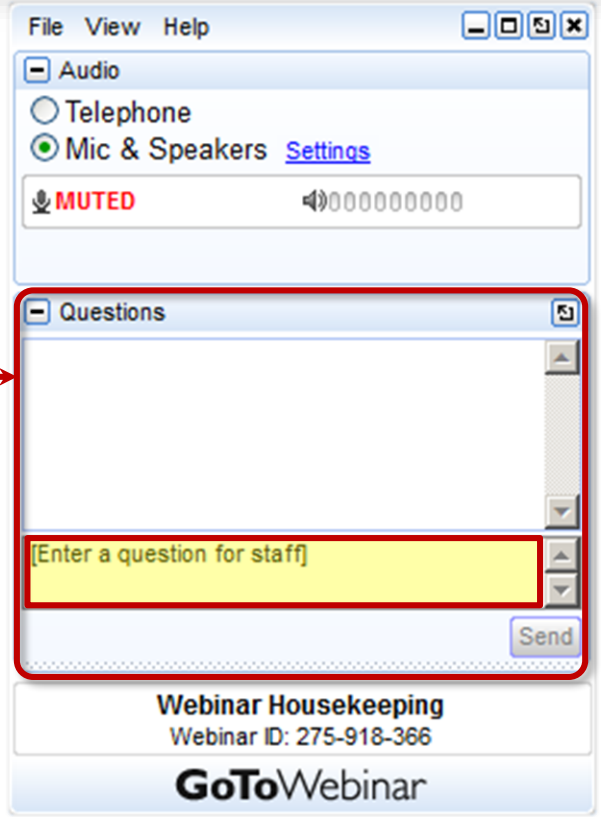
1. 1% - 25% of the time
2. 26% - 50% of the time
3. 51% - 75% of the time
4. Above 75% of the time
5. N/A

Audience Q&A

Please submit your questions

Enter your question into the “Questions” pane in the lower right hand corner of your screen.

You can also submit questions at any time to CORE@caqh.org



Reminder - Download a copy of today’s presentation slides at caqh.org/core/events

- Navigate to the Resources section for today’s event to find a PDF version of today’s presentation slides
- Also, a copy of the slides and the webinar recording will be emailed to all attendees in the next 1-2 business days

Resources

- Presentation Slides

CAQH CORE

Upcoming CAQH CORE Education Sessions

Training Session on Annual Industry Opportunity to Make Changes to the CAQH CORE Code Combinations – The 2016 Market Based Review

THURSDAY, DECEMBER 8TH, 2016 – 2 PM ET

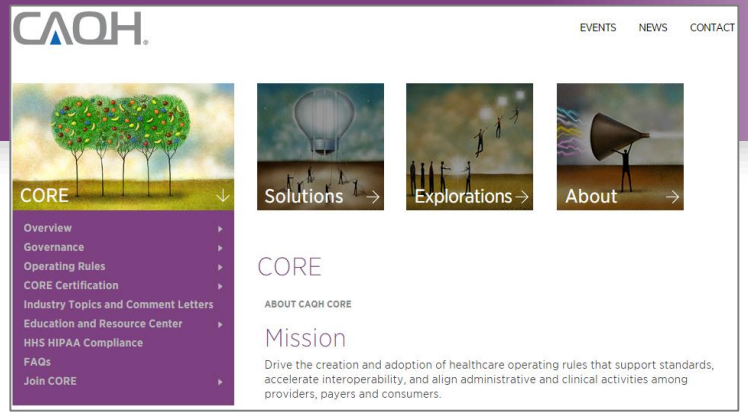
Education sessions are being planned for 2017.
We will be sure to notify you but also visit our website below for the latest updates.

www.caqh.org/core/events

CAQH CORE

Engage With Us!

Visit us at the CAQH CORE Website or contact us at CORE@CAQH.org



Participate in the CAQH CORE Code Combinations Task Group (CCTG) or the Enrollment Data Task Group

Become a CAQH CORE Participating Organization

Explore Voluntary CORE Certification

Register for upcoming webinars

Dedicated webpages:

- ✓ Code Combination Maintenance
- ✓ EFT/ERA Enrollment Maintenance
- ✓ Voluntary CORE Certification
- ✓ CAQH CORE Phase IV Operating Rules

Thank you for joining us!

Website: www.CAQH.org/CORE

Email: CORE@CAQH.org

@CAQH