



## CAQH CORE & NACHA

# **Alignment of Financial Services and Healthcare: *Benefits of Streamlining the Healthcare Payment Process***

May 29, 2014  
2:00 pm – 3:30 pm ET

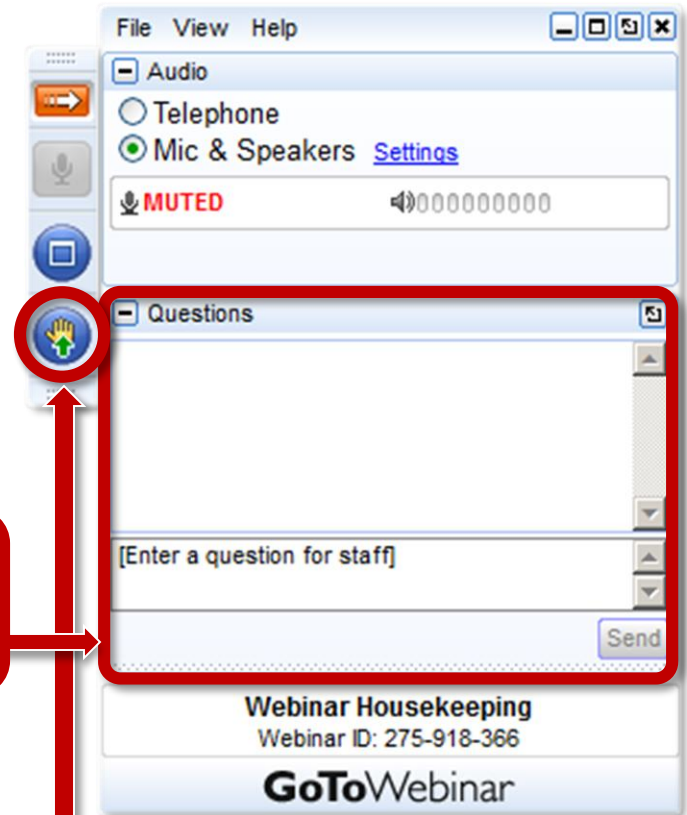


Additional information/resources available at [www.caqh.org](http://www.caqh.org)

*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](http://CAQH.org)
  - 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**



# Session Topics

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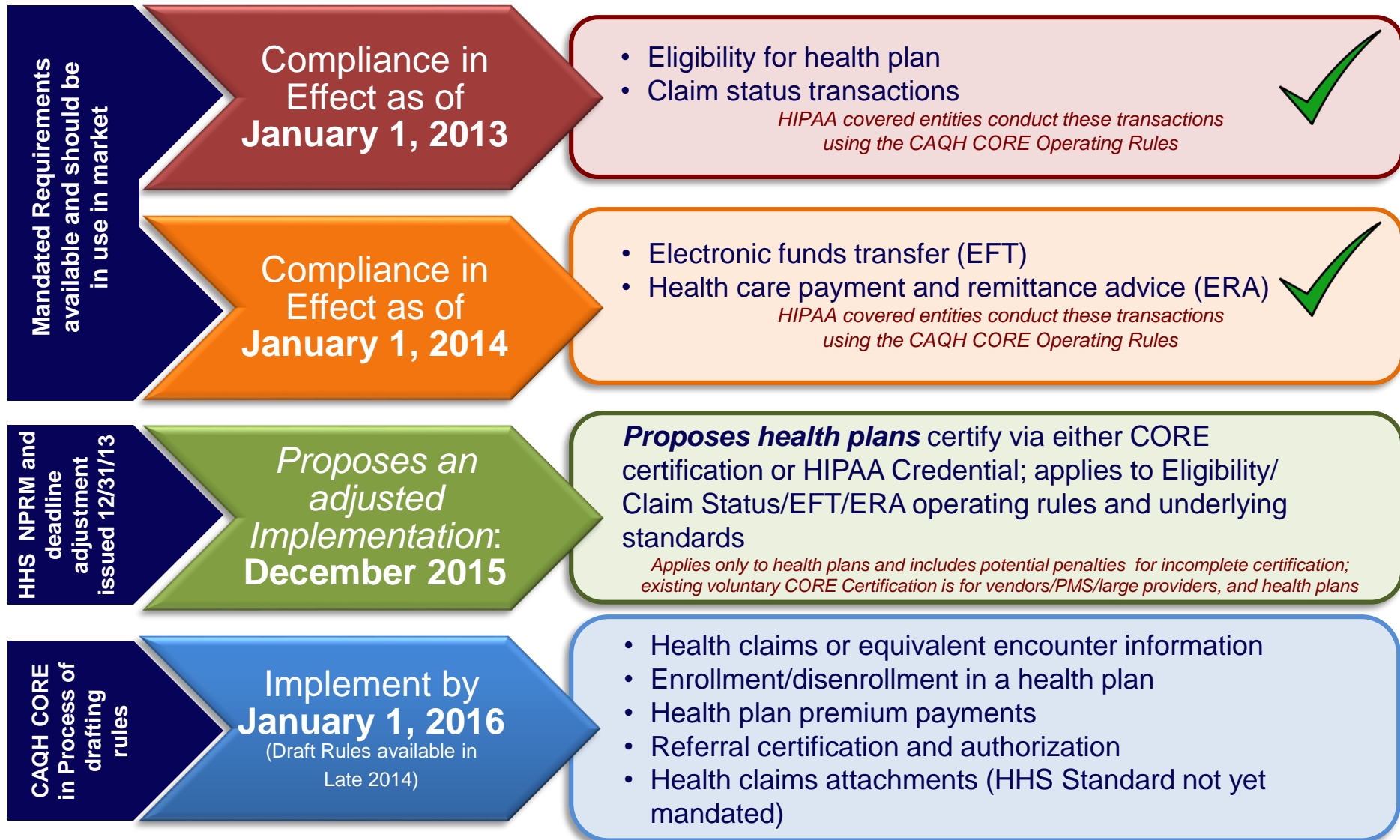
- Welcome Introduction
- ACA Mandate and HHS Health Plan Certification NPRM
- CAQH CORE EFT & ERA Operating Rules Overview
- EFT Standard and NACHA Operating Rules – **Priscilla Holland, NACHA**
- EFT Standard and EFT & ERA Operating Rule Implementation Perspectives – **Terrie Fausz, Fifth Third Bank**
- Speaker Discussion on EFT Standard Key Questions
- Q&A

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# ACA Mandate and HHS Health Plan Certification

## *Scope and Updates*

# Scope: ACA Mandated Operating Rules and Certification Compliance Dates



# Who Must Comply with Standards and Operating Rules? *Required of All HIPAA Covered Entities*<sup>1</sup>

- ACA Section 1104 mandates that all HIPAA covered entities 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<sup>2</sup>:
  - Healthcare Providers: *Any person or organization who furnishes, bills, or is paid for healthcare in the normal course of business*<sup>3</sup>
    - 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<sup>2</sup>
    - Examples include but are not limited to: Doctors, Clinics, Psychologists, Dentists, Chiropractors, Nursing Homes, and Pharmacies
  - Health Plans (*including Self-insured and Group Health Plans, Long-term Care, Medicare, Medicaid, etc.*)
  - Healthcare Clearinghouses

<sup>1</sup> [Understanding HIPAA Privacy: For Covered Entities and Business Associates](#)

<sup>2</sup> [HIPAA Administrative Simplification](#): 45 CFR §§ 160.102, 164.500

<sup>3</sup> [HIPAA Administrative Simplification](#): 45 CFR § 160.103

# HHS NPRM on Health Plan Certification

## *Background*

- **ACA Administrative Simplification: Certification of Compliance for Health Plans**
  - Mandated under the Affordable Care Act (ACA), Section 1104
  - Required health plan certification on first two sets of standards and operating rules
  - First Federal regulation on certification of entities that conduct administrative transactions; NPRM indicates that program will evolve over time
  - Penalty-driven using snapshot of time
- **Notice of Proposed Rule Making (NPRM)** published in [Federal Register](#), December 31, 2013. Comment period ended April 3, 2014 (see comments: [www.regulations.gov](http://www.regulations.gov))
  - Proposed requirement of health plan certification, and reporting number of covered lives, required by December 31, 2015
- **NPRM Proposed Certification Options**
  1. **CAQH CORE Certification Seal** for Phase III (includes Seals for Phase I and II and testing with independent testing entity)  
*or*
  2. **HIPAA Credential:** Requirements outlined by the NPRM include attestation-based documents

ExistingIn Draft

# NPRM Certification of Compliance for Health Plans

## *Draft HIPAA Credential Forms*

- Samples of the three key HIPAA Credential forms were developed by CAQH CORE for comment and are publicly available on the [CAQH website](#)
  - CAQH CORE developed content for the [Draft HIPAA Credential Forms](#) based on the HHS Health Plan Certification of Compliance NPRM
- Goals of feedback period:
  - Use industry input (CORE and non-CORE participants) to revise the three Draft HIPAA Credential Forms prior to publication of the Final Rule to help prepare for the proposed HIPAA Credential, and inform HHS in development of the Final Rule
- Process:
  - Gather industry input during **one-month public comment period** (May 6<sup>th</sup> -June 3<sup>rd</sup>)
  - Comments on draft forms will be reviewed by the CAQH CORE Certification & Testing Subgroup, comprised of CORE Participants\*, and a revised set of forms will be published after that review is complete.
- For more information on the Draft HIPAA Credential Forms and how you can provide your feedback, please visit the discussion slides on our website [HERE](#)

\*Not a CORE Participating Organization and would like more information on how to become one? Please visit our website [HERE](#)



# 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   |
|-----------------------------------|--|--|
| <b>Applicable Entities</b>        | All HIPAA covered entities   | Health plans   |
| <b>Action Required</b>            | 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        |
| <b>Compliance Date</b>            | <i>First Set – January 1, 2013</i><br><i>Second Set – January 1, 2014</i>  | <b>December 31, 2015</b> (proposed)  |
| <b>Applicable Penalties</b>       | Due to HITECH, penalties for HIPAA non-compliance have increased, now up to <b>\$1.5 million per entity per year</b>   | Fee amount equals <b>\$1 per covered life until certification is complete</b> ; penalties cannot exceed \$20 per covered life or \$40 per covered life (for deliberate misrepresentation) on an annual basis |
| <b>Verification of Compliance</b> | <b>Ongoing</b> complaint-driven process to monitor compliance prompted by anyone filing a complaint via CMS's <a href="#">Administrative Simplification Enforcement Tool</a> (ASET) for non-compliance with the standards and/or operating rules | <b>"Snapshot"</b> 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).

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# CAQH CORE EFT & ERA Operating Rules

## *Building on Standards*

# Affordable Care Act (ACA) Mandated Healthcare EFT Standard and EFT & ERA Operating Rules

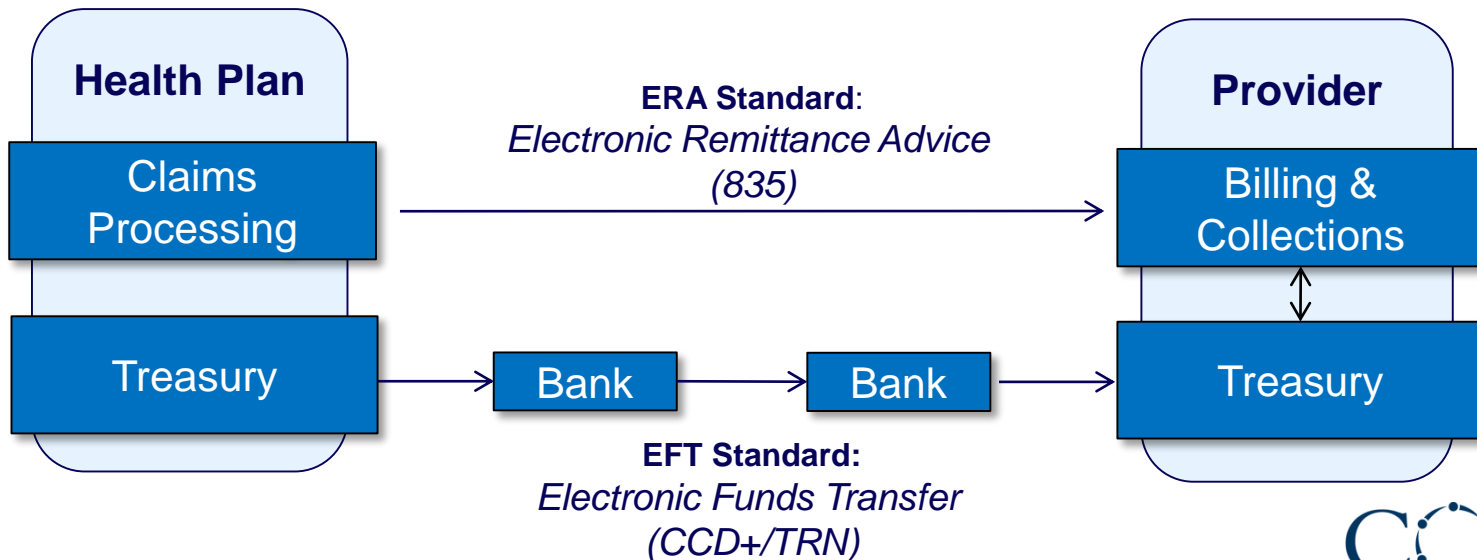
- **Healthcare EFT Standard:** July 2012 CMS announces [CMS-0024-IFC](#) is in effect
  - Adopts the NACHA ACH CCD plus Addenda Record (CCD+) and the X12 v5010 835 TR3 TRN Segment as the HIPAA mandated Healthcare EFT Standard
- **EFT & ERA Operating Rules:** April 2013 CMS announces [CMS-0028-IFC](#) 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.

# EFT and ERA Transaction Flow

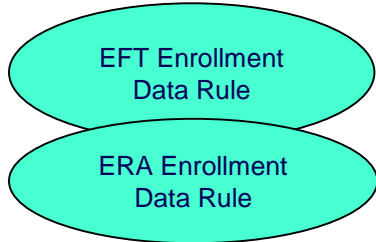
- EFT and ERA Operating Rules represent the convergence of financial services and healthcare
  - Both transactions are sent using “recognized” electronic HIPAA standards
  - Aim is to increase adoption of both standards in healthcare
- Together the transactions foster the goals of administrative simplification 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



# CAQH CORE EFT & ERA Operating Rules: Rules in Action

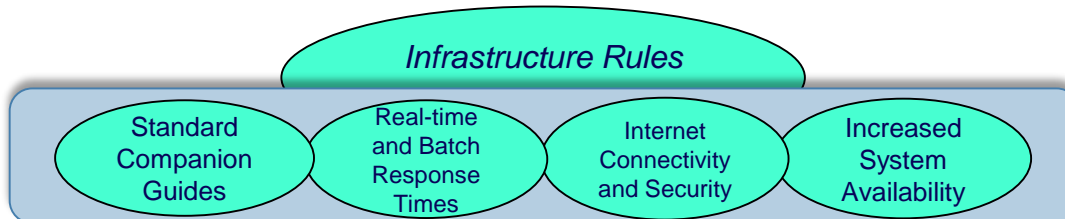
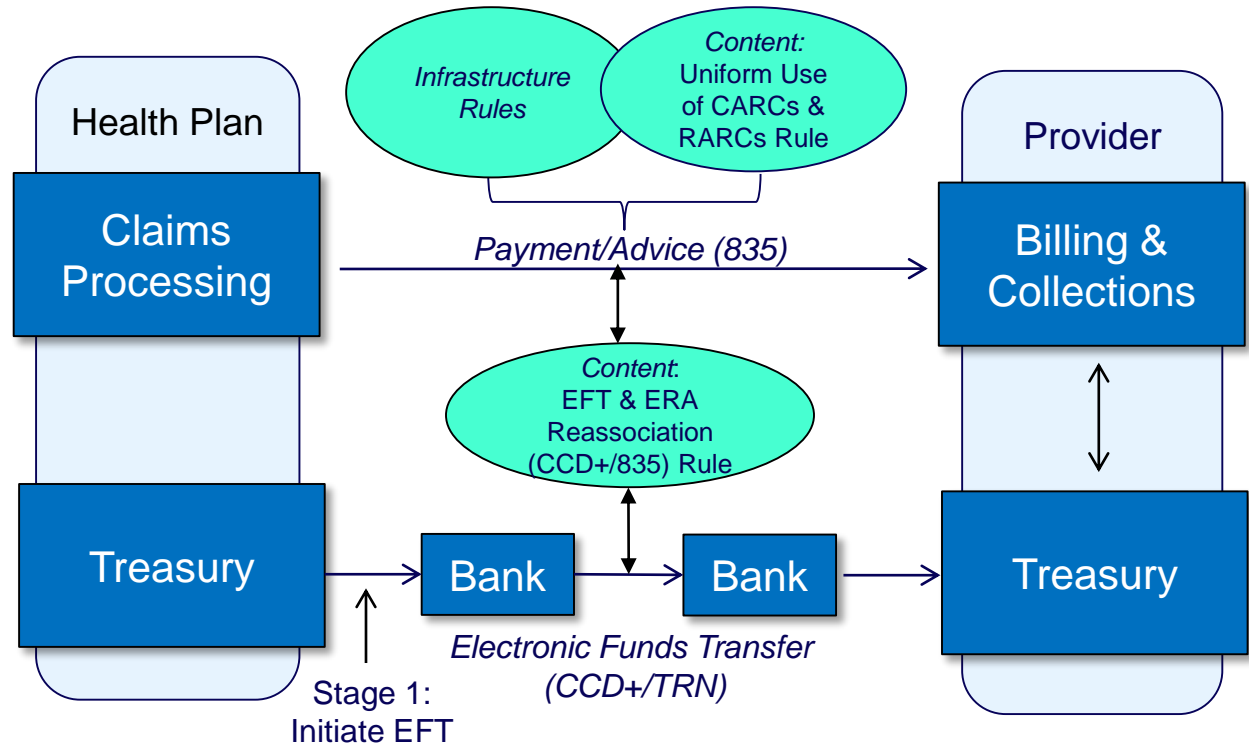
Indicates where a CAQH CORE EFT/ERA Rule comes into play

## Pre- Payment: Provider Enrollment



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



# Promote Provider Adoption

## *Take Action Now!*

### 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

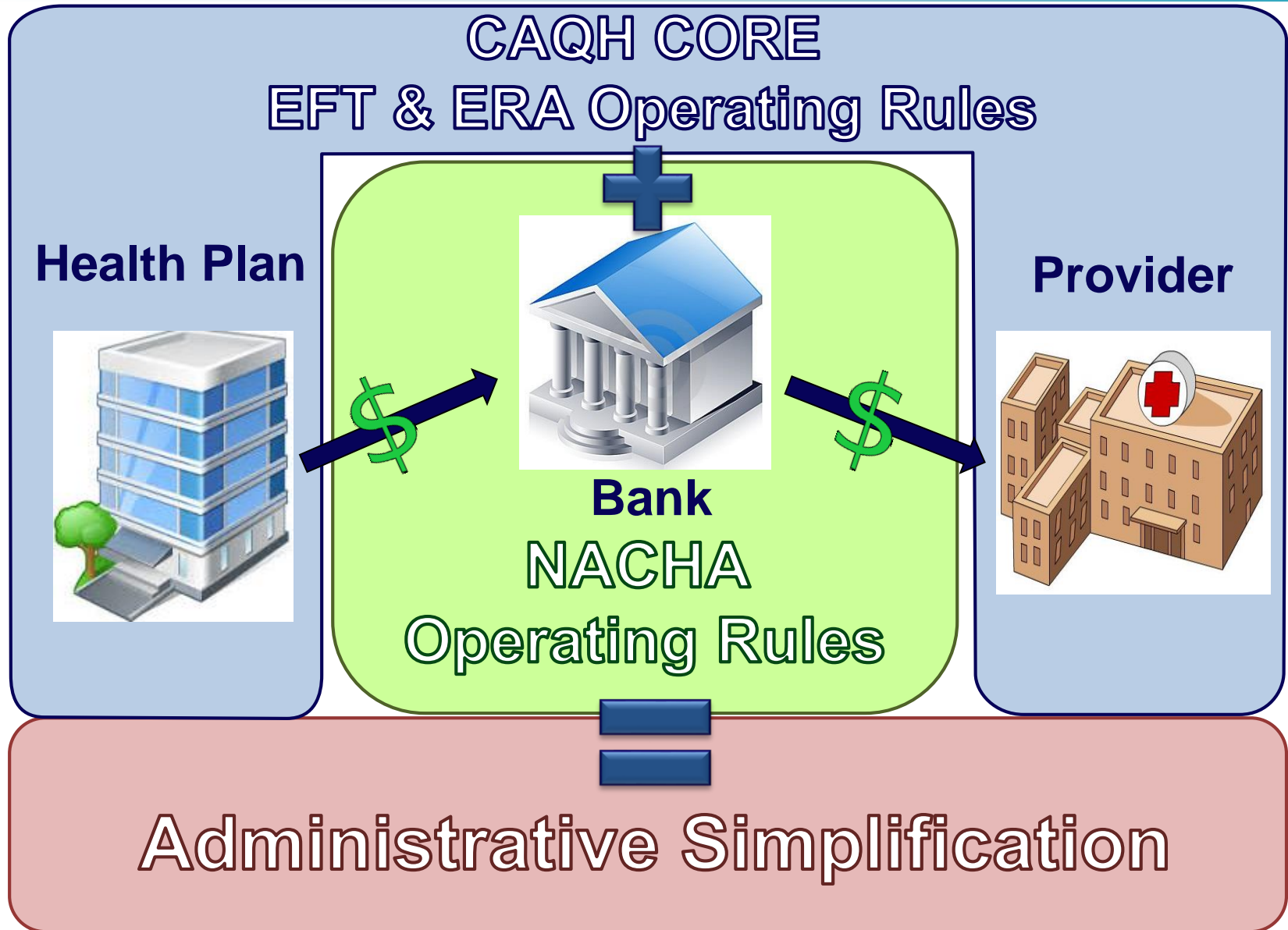
### Contact Your Banks!



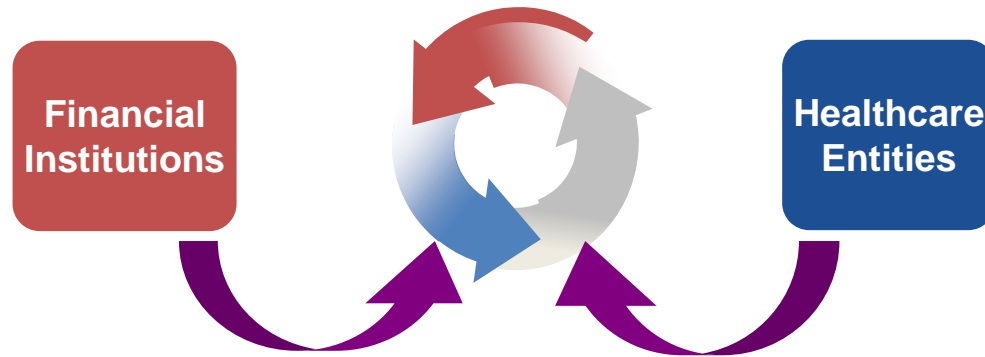
- To maximize the benefits available through the CAQH CORE Reassociation Rule, providers must request delivery of the necessary data for EFT and ERA reassociation
- To help facilitate this request, CAQH CORE developed the [\*\*Sample Provider EFT Reassociation Data Request Letter\*\*](#)
- Providers 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

# Financial and Healthcare Industries Working Together

## *Bridging the Gap through Operating Rules*



# 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



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# EFT Standard & NACHA Operating Rules

## *Compliance Considerations*

Priscilla Holland



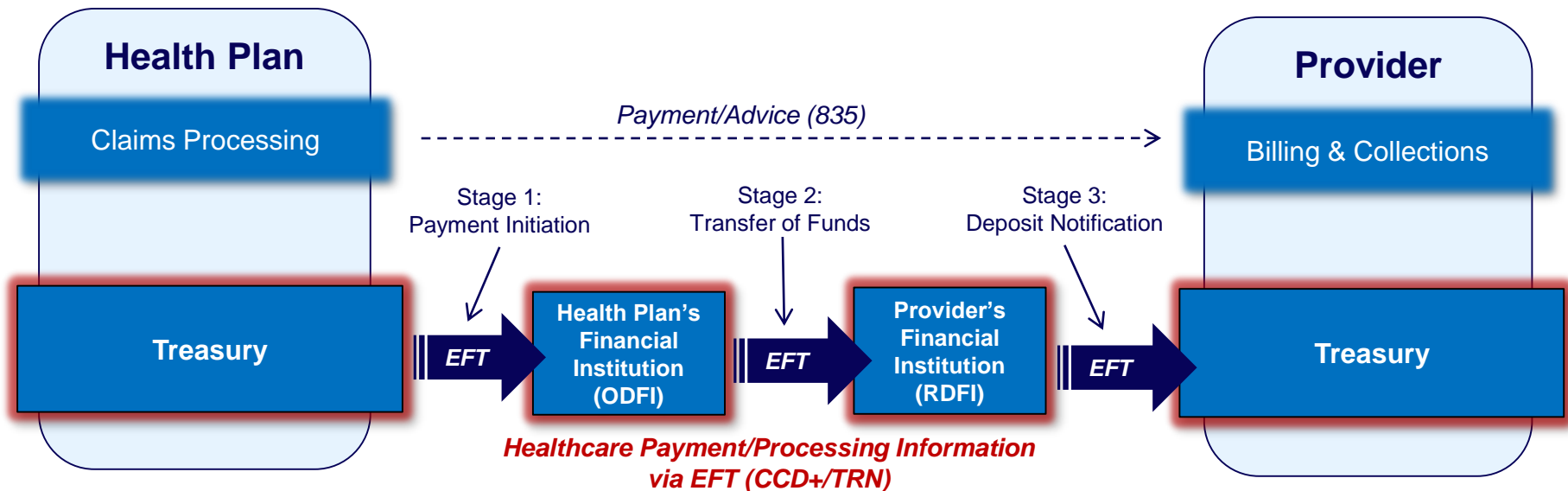
# ACH Network\* Participants: *Roles and Responsibilities*

| Participant  | Role  | Role and Responsibility  |
|--|---|--|
| Health Plan  | Originator  | <ul style="list-style-type: none"> <li>• Maintains relationship with the receiver (Provider)</li> <li>• Maintains record of authorization for entry</li> <li>• Assigns entry type to each entry (debit or credit and SEC code); Transmits entry information to the ODFI</li> </ul>             |
| Health Plan's Financial Institution  | Originating Depository Financial Institution (ODFI) | <ul style="list-style-type: none"> <li>• Initiates all payments into the network</li> <li>• Secures contractual relationship with originator and ACH operator</li> <li>• Maintains responsibility for all entries</li> <li>• Warrants entry is authorized and contains correct data</li> </ul> |
| <ul style="list-style-type: none"> <li>• Federal Reserve</li> <li>• Electronic Payments Network (EPN)</li> </ul> | ACH Operators                                       | <ul style="list-style-type: none"> <li>• Maintains contractual relationship with ODFI and RDFI</li> <li>• Receives entries from ODFI and transmits entries to RDFI</li> </ul>  |
| Provider   | Receiver  | <ul style="list-style-type: none"> <li>• Maintains relationship with originator</li> <li>• Maintains a checking/savings account at the RDFI</li> </ul>   |
| Provider's Financial Institution   | Receiving Depository Financial Institution (RDFI)   | <ul style="list-style-type: none"> <li>• Maintains contractual relationship with receiver</li> <li>• Credits or debits receiver's account according to entry</li> <li>• Provides re-association TRN segment to physician practice if requested by Provider</li> </ul>                          |

\* 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 **Stage 1: 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   |
|---|--|
| <b>Standard Identification of Health Care EFTs</b>                    | The rule requires health plans to clearly identify CCD Entries that are Health Care EFT Transactions through the use of the specific identifier “HCCLAIMPMT”   |
| <b>Additional Formatting Requirements for Health Care EFTs</b>        | 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  |
| <b>Delivery of Payment Related Information (Reassociation Number)</b> | 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 |
| <b>Addition of New EDI Data Segment Terminator</b>                    | 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  |
| <b>Health Care Terminology within the NACHA Operating Rules</b>       | 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”<sup>1</sup> 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

|   | Jan-14           | Feb-14 <sup>2</sup> | Mar-13           | Apr-14           | YTD Totals               |
|---|------------------|---------------------|------------------|------------------|--------------------------|
| <b>Total Number Forward CCD Credits<sup>3</sup></b> | 8,154,530        | 7,952,355           | 9,268,614        | 9,911,341        | <b>35,286,840</b>        |
| <b>Total \$ Value Forward CCD Entries</b>           | \$45,132,009,341 | \$45,233,612,700    | \$55,599,715,514 | \$61,369,342,654 | <b>\$207,334,680,210</b> |

<sup>1</sup>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

<sup>2</sup>Fewer processing days in February 2014.

<sup>3</sup>“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

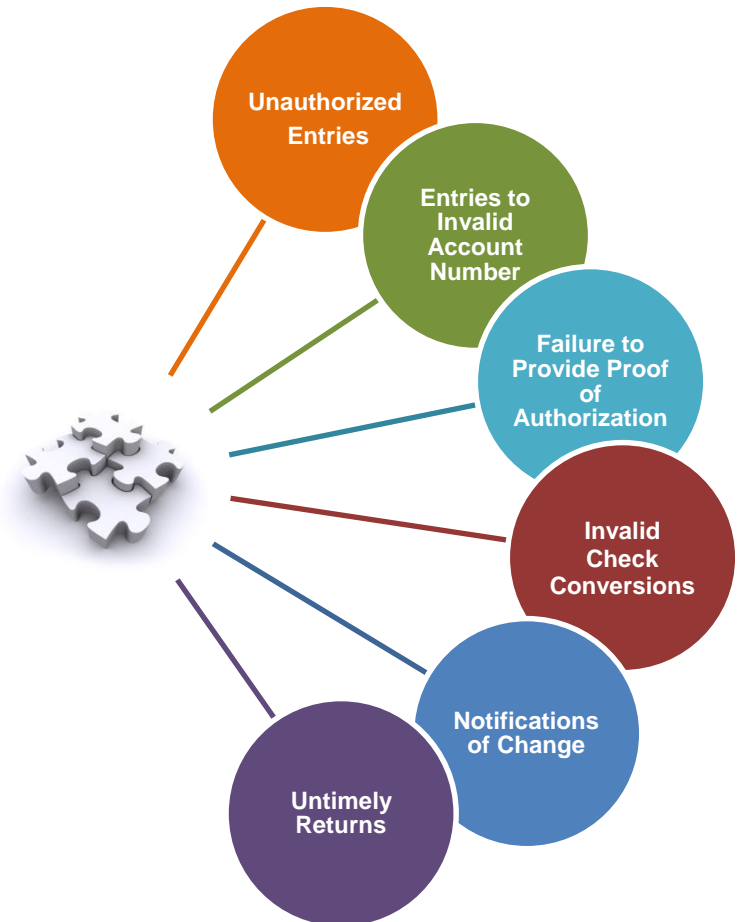
# NACHA Operating Rules Compliance

- 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.



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



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



NACHA Staff evaluates and processes the alleged violation.



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.



# 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:

- 1<sup>st</sup> Recurrence - \$0 to \$1,000
- 2<sup>nd</sup> Recurrence - \$0 to \$2,500
- 3<sup>rd</sup> 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

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EFT Standard and  
EFT & ERA Implementation Perspective:

Terrie Fausz,  
*Vice President, Healthcare Solutions Group*



## Our healthcare team services multiple sectors and has a holistic view of industry needs

- Fifth Third Bank's investment in the Healthcare industry
  - Acquisitions
  - Expansion and growth
  - Recapitalizations
  - Refinancing and working capital facilities
  - Bridge loans to capital markets transactions
- Proven track record in leading and syndicating loan facilities
- Full suite of Treasury Services
- Revenue Cycle Management Tools

| Services   | Products & Devices  | Provider-Based Care  |
|--|---|--|
| <ul style="list-style-type: none"> <li>▪ Clinical Laboratories</li> <li>▪ Contract Manufacturing</li> <li>▪ Contract Research Organizations</li> <li>▪ Disease Management</li> <li>▪ Distribution</li> <li>▪ Staffing/Practice Management</li> <li>▪ Pharmacy Benefits Management</li> <li>▪ Institutional Pharmacy</li> <li>▪ Specialty &amp; Compounding Pharmacy</li> </ul> | <ul style="list-style-type: none"> <li>▪ Dental Supply Products</li> <li>▪ Durable Medical Equipment</li> <li>▪ Medical Devices</li> <li>▪ Medical/Surgical Tools &amp; Supplies</li> <li>▪ Pharmaceutical Manufacturing</li> </ul> | <ul style="list-style-type: none"> <li>▪ Acute Care Hospitals</li> <li>▪ Ambulatory Surgery Centers</li> <li>▪ Behavioral Health</li> <li>▪ Diagnostic Imaging</li> <li>▪ Home Health / Hospice</li> <li>▪ Long-Term Care</li> </ul> |

| Managed Care   | Information Technology  |
|--|---|
| <ul style="list-style-type: none"> <li>▪ Commercial</li> <li>▪ Government</li> <li>▪ Outsourced Service Providers</li> <li>▪ Third Party Administrators</li> </ul> | <ul style="list-style-type: none"> <li>▪ Data Analysis</li> <li>▪ Process Outsourcing</li> <li>▪ Revenue Cycle Management</li> <li>▪ Software and Services</li> </ul> |

## Administrative Simplification

Standardize format used by ALL parties to drive efficiency

Consistent delivery of ASC X12 v5010 835 TRN segment from Financial Institution to Providers

Align Financial Institutions with Healthcare Industry for data exchange

Supporting Clients' implementation of the mandated Healthcare EFT Standard, NACHA

Operating Rule changes and the CAQH CORE EFT & ERA Operating Rules

### Health Plan/ODFI

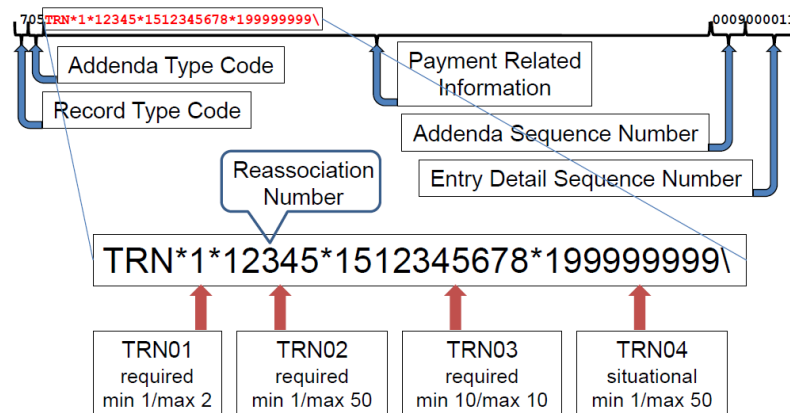
- Clearly Identify Healthcare EFT's in CCD+ Entries
  - 5 Record (Company Batch Header)
    - HCCLAIMPMT in Company Entry Description
    - Ensure Company Name is recognizable and present
  - 7 Record (Addenda Record) –
    - ASC X12 Version 5010 835 TRN
  - New data segment terminator (~)

### RDFI

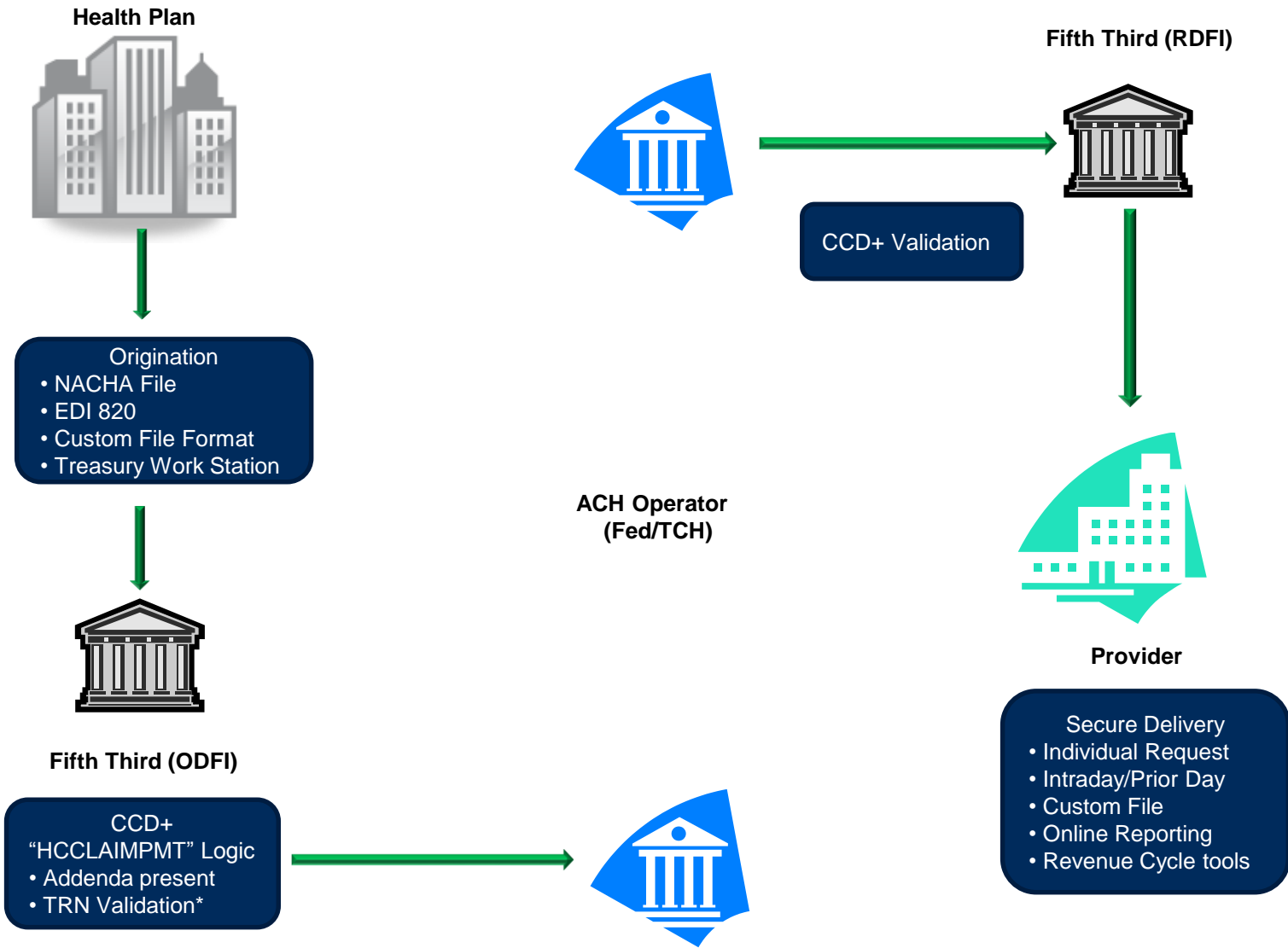
- Delivery of Reassociation Trace Number (TRN) to Provider. By request or automated delivery.
  - Provide TRN by the 2<sup>nd</sup> banking day
  - RDFI must provide option for secure electronic means of delivery (128-bit RC4 encryption standard is minimum)
  - Internal training on changes

### Provider

- Request payment via EFT Standard from Health Plan
- Request Options for TRN delivery from your RDFI



# Fifth Third as the ODFI/RDFI



\*TRN Validation includes ensuring that TRN is included in addenda and that it meets formatting requirements



# Reporting Example

## Balance Detail Report

ABC HOSPITAL

12/05/2013 10:55

Account: 123456789 : 099999999 -Checking - HSD Shared Lockbox Report On: Previous Day Data

- USD

Date Range: Previous Business Day

Start Date: 12/04/2013 00:00

End Date: 12/04/2013 23:59

Sorted By: Account Number, Date, Credit/Debit

Transaction Groups: All Transactions

Transaction Codes: 142 - ACH Credit Received

ZBA Display: Both Credit and Debit

**Bank ABA# : Fifth Third Bank (Western Ohio) - 042202196**

**Account : 099999999 -Checking - HSD Shared Lockbox - USD**

| Date       | Transaction Type  | Customer Ref. # | Bank Ref. #  | Credit Amount | Debit Amount |
|------------|---|-----------------|--------------|---------------|--------------|
| 12/04/2013 | ACH Credit Received   |                 | 777777777777 | 5.65          |              |
|            | Description: ABC HOSPITAL 0111111111111111 XYZ INSURANCE<br>TRN*1*111111*1234567890*4444444444\ |                 |              |               |              |
| 12/04/2013 | ACH Credit Received   |                 | 888888888888 | 20.00         |              |
|            | Description: ABC HOSPITAL 0222222222222222 XYZ INSURANCE<br>TRN*1*222222*1234567890*4444444444\ |                 |              |               |              |
| 12/04/2013 | ACH Credit Received   |                 | 999999999999 | 20.76         |              |
|            | Description: ABC HOSPITAL 0333333333333333 XYZ INSURANCE<br>TRN*1*333333*1234567890*4444444444\ |                 |              |               |              |

## Health Plan

### Be prepared for Provider enrollments

- Review enrollment procedures

### New Setups

- Work with your ODFI's Treasury team to set up the ACH
- Specific Implementation Plan
- Comply with NACHA rules
  - Use HCCLAIMPMT
  - ASC X12 Version 5010 835 TRN
  - Clearly identify company name that is recognizable by the provider
- Test the originations with your ODFI

### Existing Enrollments

- Ensure you are using CCD+
- Identify needed changes
- Update files to comply with NACHA rule

## Provider

### Review posting process

- Examine current processes/procedures
- Make changes as required
- Partner with your RDFI for ideas and options

### Enroll with Health Plan

- Request EFT/ERA

### Contact RDFI about Reporting Options

- Ask about available delivery options for TRN
- Determine what works best
  - On line access
  - Custom file delivery
  - Etc

## Changes and Outreach

- Notification letter sent to originators in early August
- System updates complete prior to 9/20/2013 NACHA deadline
  - System Edits for HCCLAIMPMT
  - EDI Data Segment Terminator
  - Updated reporting
- Targeted file testing with clients
  - Primarily for those customers sending custom origination files
- Internal education of Treasury team on new ACH rules
  - Education across the board for sales teams
  - Directed training for customer service units
- Originator/Receiver education done at relationship level
  - Treasury Officers having individual meetings with clients
  - Customer service trained to provide TRN and direct customers to secure automated delivery
  - At a minimum basic account reporting will contain TRN

- Most Health Plans were prepared for change
  - New rules were not a huge change from current procedures
  - One issue on live date resulting from improperly formatted TRN
- Many Providers have already adopted ACH as primary payment method
  - Inquiries about TRN delivery options
    - How can I get the TRN?
    - What options are available?
  - Created dialog about electronic payments
    - Specific discussions around virtual card payments from Health Plans
    - What is acceptable electronic payment under new rule
    - Card is an acceptable form of payment, however if the Provider requests the new EFT standard from the Payer (CCD+Addenda), the Health Plan MUST deliver the payment via the new NACHA standard

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# HIPAA Mandated Healthcare EFT Standard

## *Speaker Discussion on Key Questions*

# Healthcare EFT Standard Key Questions

## *Discussion Question #1*

Does this regulation mean that sending the CCD+Addendum over the ACH Network is the **ONLY** way I can send payments electronically?

### Answer Options:

1. Yes
2. No
3. Not Sure



# Healthcare EFT Standard Key Questions

## *Discussion Question #1*

Does this regulation mean that sending the CCD+Addendum over the ACH Network is the **ONLY** way I can send payments electronically?

**NO**

CMS FAQ [6343](#) clarifies a key provision included in the Healthcare EFT Standard Final Rule *which permits the use of other standards for health care EFT transmitted outside of the ACH Network such as Fedwire, virtual card payment networks, etc.*

# Comparison of Healthcare Payment Options\*

A number of payment types are available; providers must educate themselves on the costs and benefits of each to meet their business needs

|  | Healthcare EFT Standard (ACH CCD+)   | Virtual Card   | Wire Transfer                         |
|--|--|--|---------------------------------------|
| <b>Funds Availability</b><br>(As measured from the time that a plan initiates payment) | <b>Next Day</b>  | <b>2-3 Business days</b>   | <b>Same Day</b><br>Funds irrevocable  |
| <b>Average Cost</b><br>(Based on receiving \$2,500 EFT payment)                        | <b>\$0.34<sup>1</sup></b>  | <b>Percentage of total payment plus a transaction fee</b><br>Example: 3% average interchange fee on \$2,500 plus \$.10 transaction fee = \$75.10 | <b>\$10.73<sup>2</sup></b>            |
| <b>Enrollment/Acceptance</b>   | <b>Multi-plan enrollment available with some health plans</b>  | <b>Must have agreement with merchant card processing provider &amp; POS processing system/terminal</b>   | <b>One time with each health plan</b> |
| <b>Risk</b>  | <b>Very low risk</b><br>Financial institutions can support additional account monitoring tools such as debit filters or blocks | <b>Higher risk</b><br>Card numbers have information that can be used by anyone with the ability to accept card payments                          | <b>Very low risk</b>                  |
| <b>Manual Processing</b>   | <b>None</b>  | <b>Each payment must be processed manually</b>   | <b>None</b>                           |
| <b>Reassociation with Electronic Remittance Information</b>                            | <b>EFT &amp; ERA Operating Rule benefits apply</b>   | <b>Operating Rules do not apply</b><br>Manual access to each EOB through web portal  | <b>Operating Rules do not apply</b>   |

<sup>1</sup>The Blue Book of Bank Prices 2012-13 published by Phoenix-Hecht - <https://www.phoenixhecht.com/treasuryresources/PDF/BBExecSumm.pdf>

<sup>2</sup> Ibid.

\*Source: NACHA Fact Sheet [Understanding the Healthcare Electronic Funds Transfer \(EFT\) Standard](#)



# Which Payment Method Works for Me

## *Key Considerations*



- **Transparency**
  - Direct costs associated with alternative payment methods, such as virtual cards, should be transparent for all parties, e.g. interchange and transaction fees
- **Diminished Benefits of CORE Operating Rules**
  - If an entity chooses not to use the CCD+Addendum, the CORE Operating Rules do not apply
    - Ease of reassociation between EFT and ERA provided by [CORE 370 Rule](#) is forfeited when using non-HIPAA standards e.g. timing for receipt of transactions, standard reassociation numbers, etc.
    - HIPAA ERA standard, X12 v5010 835, does not support payment via virtual cards which can result in manual entry, reassociation and posting
- **Education**
  - Ensure awareness of pros/cons of all payment options for each stakeholder

# Healthcare EFT Standard Key Questions

## *Discussion Question #2*

As a Health Plan, if a Provider requests that they receive EFT payments via the HIPAA Standard CCD+Addendum format over the ACH Network, can I provide payment via Fedwire or Virtual Card instead? Since they are both EFT, this should comply with the ACA, right?

### **Answer Options:**

1. Yes
2. No
3. Not Sure

# Healthcare EFT Standard Key Questions

## *Discussion Question #2*

As a Health Plan, if a Provider requests that they receive EFT payments via the HIPAA Standard CCD+Addendum format over the ACH Network, can I provide payment via Fedwire or Virtual Card instead? Since they are both EFT, this should comply with the ACA, right?

**NO**

CMS FAQ [9778](#) states that, If a provider requests that a health plan conduct the electronic funds transfer (EFT) and remittance advice transaction in standard format (by using the ACH network), then the health plan must comply with the HIPAA standard for this transaction. And if a provider requests that a health plan transmit payments consistent with the HIPAA standard, the health plan is not permitted to delay or reject a transaction because the transaction is a standard transaction



# Healthcare EFT Standard Key Questions

## *Discussion Question #3*

Has CMS offered any guidance on whether or not a Health Plan can charge a transaction fee when using the CCD+Addendum over the ACH Network to pay a Provider?

### Answer Options:

1. Yes
2. No
3. Not Sure

# Healthcare EFT Standard Key Questions

## Discussion Question #3

Has CMS offered any guidance on whether or not a Health Plan can charge a transaction fee when using the CCD+Addendum over the ACH Network to pay a Provider?

YES

Although not explicitly stated, CMS FAQ [9778](#) elaborates on this point in context of choosing alternative payment methods mentioning that,

*“the health plan cannot incentivize a provider to use an alternate payment method other than the adopted standard (CCD+) or adversely affect the provider for using the standard transaction (i.e. **charging excessive fees**)”*

# Healthcare EFT Standard Key Questions

## *Discussion Question #4*

Is a Financial Institution subject to HIPAA penalties if they don't enter the necessary data needed for Reassociation of the EFT and ERA as outlined by the CORE 370 Rule?

### Answer Options:

1. Yes
2. No
3. Not Sure

# Healthcare EFT Standard Key Questions

## *Discussion Question #4*

Is a Financial Institution subject to HIPAA penalties if they don't enter the necessary data needed for Reassociation of the EFT and ERA as outlined by the CORE 370 Rule?

**NO**

If using the CCD+Addendum as the method of EFT payment, it is the responsibility of the Health Plan to ensure that the necessary reassociation data is attached to the TRN segment of the CCD+.

Financial institutions are not subject to HIPAA penalties as they are not HIPAA-covered entities. They are, however, subject to NACHA penalties for non-compliance with the NACHA Operating Rules



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# *Free CAQH CORE Implementation Resources*



# 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.

Just Getting Started

Analysis and Planning

Systems Design

Systems Implementation

Integration & Testing

Deployment/  
Maintenance

### 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 system 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
  - **137** CORE Certifications have been achieved with 31 Certifications currently pending. Access a list of these organizations [HERE](#)
- 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

# 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 or 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.*

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# Thank You for Joining Us!

website: [www.CAQH.org](http://www.CAQH.org)

email: [CORE@caqh.org](mailto:CORE@caqh.org)



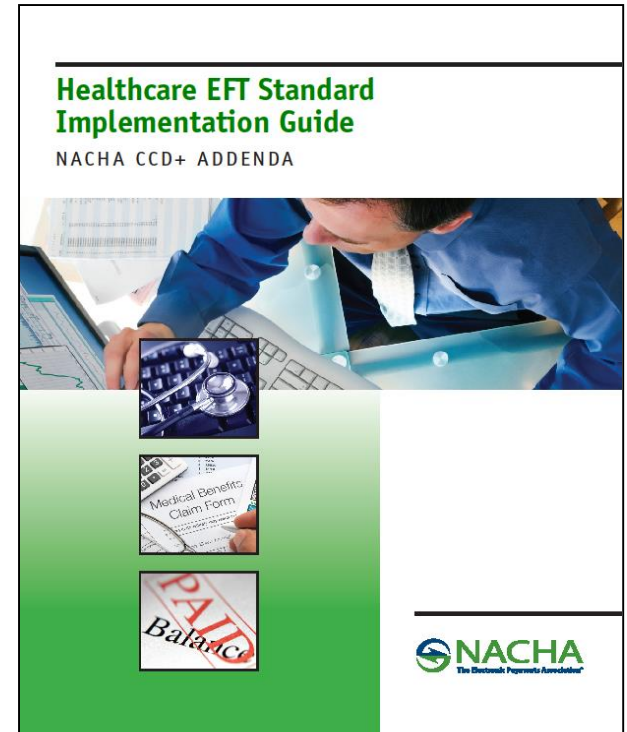
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# APPENDIX

## *Additional Information and Resources*

# 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](mailto:Geanelle.Herring@cms.hhs.gov)



# Mandated EFT & ERA Operating Rules:

## *January 1, 2014 Requirements Scope*

| Rule           |  | High-Level Requirements  |
|----------------|--|--|
| Data Content   | <b>Uniform Use of CARCs and RARCs (835) Rule</b><br>Claim Adjustment Reason Code (CARC)<br>Remittance Advice Remark Code (RAR)<br><a href="#">Rule 360</a> | <ul style="list-style-type: none"> <li>Identifies a <u>minimum</u> set of four CAQH CORE-defined Business Scenarios with a <u>maximum</u> set of CAQH CORE-required code combinations that can be applied to convey details of the claim denial or payment to the provider</li> </ul>  |
|                | <b>EFT Enrollment Data Rule</b><br><a href="#">Rule 380</a>  | <ul style="list-style-type: none"> <li>Identifies a maximum set of standard data elements for EFT enrollment</li> <li>Outlines a flow and format for paper and electronic collection of the data elements</li> <li>Requires health plan to offer electronic EFT enrollment</li> </ul>  |
| Infrastructure | <b>ERA Enrollment Data Rule</b><br><a href="#">Rule 382</a>  | <ul style="list-style-type: none"> <li>Similar to EFT Enrollment Data Rule</li> </ul>  |
|                | <b>EFT &amp; ERA Reassociation (CCD+/835) Rule</b><br><a href="#">Rule 370</a>   | <ul style="list-style-type: none"> <li>Addresses provider receipt of the CAQH CORE-required Minimum ACH CCD+ Data Elements required for re-association</li> <li>Addresses elapsed time between the sending of the v5010 835 and the CCD+ transactions</li> <li>Requirements for resolving late/missing EFT and ERA transactions</li> <li>Recognition of the role of <i>NACHA Operating Rules</i> for financial institutions</li> </ul> |
|                | <b>Health Care Claim Payment/Advice (835) Infrastructure Rule</b><br><a href="#">Rule 350</a>  | <ul style="list-style-type: none"> <li>Specifies use of the CAQH CORE Master Companion Guide Template for the flow and format of such guides</li> <li>Requires entities to support the Phase II CAQH CORE Connectivity Rule.</li> <li>Includes batch Acknowledgement requirements*</li> <li>Defines a dual-delivery (paper/electronic) to facilitate provider transition to electronic remits</li> </ul>                               |

\* [CMS-0028-IFC](#) excludes requirements pertaining to acknowledgements. The complete Rule Set is available [HERE](#).