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CAQH[®]

Committee on Operating Rules for Information Exchange (CORE[®])

*Informal CAQH CORE Rules Work Group Call:
CAQH CORE & NACHA Level Set*

05/18/12

Agenda

- CAQH CORE and NACHA Roles in Healthcare Electronic Funds Transfer (EFT) and Electronic Remittance Advice (ERA)
- Proposed Enhancements to the *NACHA Operating Rules* in the [CAQH CORE EFT & ERA Operating Rules](#)
- NACHA Rule Making Process and Request for Comments (RFC) (see Doc #3)
- [CAQH CORE Comments](#) on Proposed Changes to the *NACHA Operating Rules*
- Next steps for CAQH CORE and NACHA

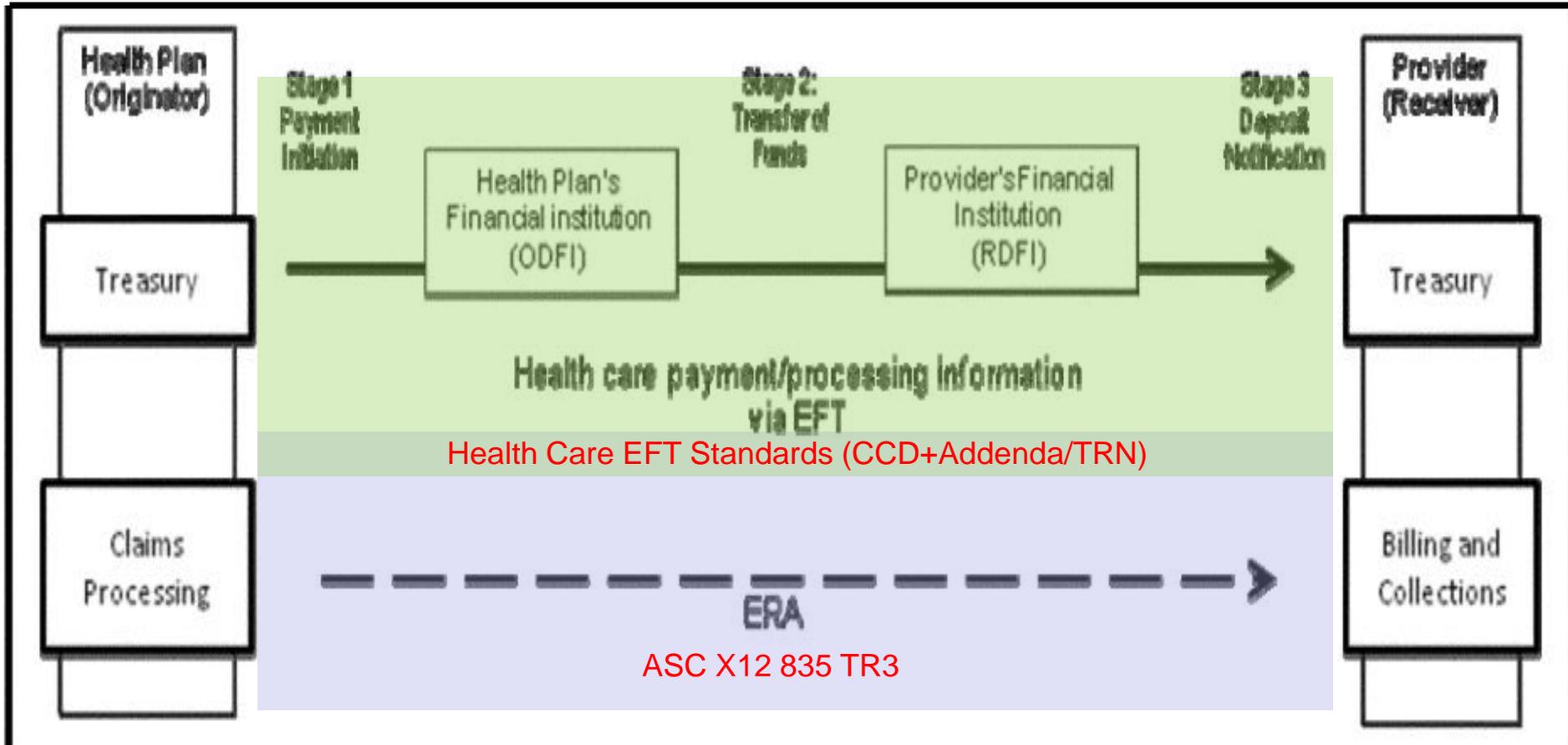
Level Set: Part 1

CAQH CORE and NACHA Roles in EFT and ERA
and
Proposed Enhancements to the *NACHA Operating Rules* in
the CAQH CORE EFT & ERA Operating Rules

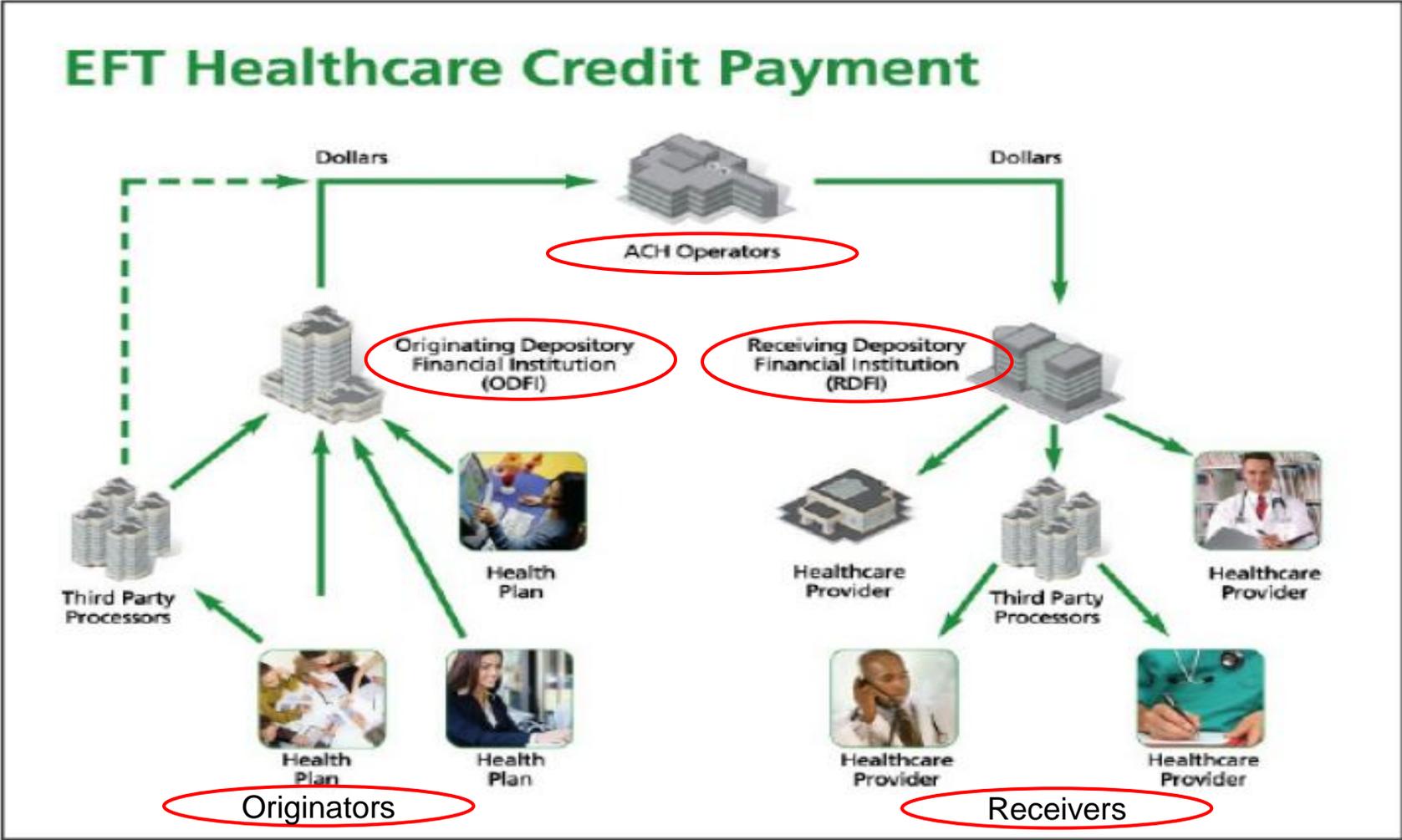
Benefits of Moving to EFT

- Health plans:
 - Faster claims processing and payment cycles
 - Reduced phone calls
 - No check printing or postage
 - No lost or missing checks
 - No stop payments
 - Financial savings from electronic processing of claims
- Providers:
 - Potential for faster payments
 - Better management of claims denials
 - No risk of paper checks being stolen or lost
 - Automated data entry and reporting – improved accuracy
 - Time and expense savings

NACHA/CAQH CORE Roles in Operating Rules for EFT/ERA



How the ACH Network Works



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Identification of Potential Enhancements to *NACHA Operating Rules* for Health Care

- During the development of the CAQH CORE EFT & ERA Operating Rules, CORE Participants:
 - Reaffirmed that close coordination between CORE healthcare operating rules and *NACHA Operating Rules* for financial services is essential to achieving the goals of administrative simplification as envisioned by the ACA legislation
 - Noted that to address the role of financial institutions in healthcare payments related to the ACH Network, the healthcare industry must look to the *NACHA Operating Rules* to address reassociation challenges in health care that are essential and applicable to financial institutions
 - Identified key areas where enhancements to the *NACHA Operating Rules* could address current issues in using the NACHA CCD+ when doing EFT healthcare payments
- To assist with promoting cross-industry needs, CORE Participants identified potential *NACHA Operating Rules* enhancements to drive value in the [Draft EFT & ERA Reassociation CCD+/835\) Rule](#) and shared recommendations with NACHA
 - **NOTE:** With regard to the Affordable Care Act (ACA) Section 1104, the 01/10/12 [CMS-0024-IFC](#) adopted the CCD+ and X12 835 TR3 TRN Segment as the Healthcare EFT Standards; due to the ACA, the use of the CCD+ payment transaction will now play a formal role in improving the EFT process in health care for both health plans and healthcare providers

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CAQH CORE Requested Enhancements to *NACHA Operating Rules* for EFT/ERA

Identified <i>NACHA Operating Rule</i> Enhancement	Goal of Identified Recommended Enhancement
1. Establish a standard format for the electronic delivery of the CORE-required Minimum CCD+ Reassociation Data Elements between the provider and the financial institutions; include relation to CCD+	A standard format used by <i>all parties</i> encourages the market to have the information needed to create tools that will enable effective and efficient processing of billions of healthcare CCD+ payment transactions
2. Require all financial institutions to deliver the CORE-required Minimum CCD+ Reassociation Data Elements to healthcare providers	Consistent provider receipt from financial institutions of the CORE-required Minimum CCD+ Reassociation Data Elements is needed by the provider so that the provider can successfully match the CCD+ payments from health plans with the corresponding v5010 X12 835
3. Establish a standard connectivity “safe harbor” for the delivery of the CORE-required Minimum CCD+ Reassociation Data Elements to providers that aligns with current healthcare industry efforts	Financial services alignment with the healthcare industry’s movement towards a common, reliable and secure method to exchange both administrative and clinical information

Level Set: Part 2

NACHA Rule Making Process and Request for Comments (RFC)

NACHA Rule Making Process

1. Business case that justifies proposal and estimates benefits and costs
2. NACHA Rules and Operations Committee reviews and (a) accepts proposal, (b) requests additional information, or (c) rejects proposal
 - If proposal accepted, designated a category (A = major impact to ACH Network, B = moderate impact, C = minor impact);
 - and assigned to a rules work group
3. Request for Comment issued for public comment in a manner similar to that used in rulemaking by Federal agencies
4. Final Review of comments conducted by NACHA, the Rules and Operations Committee, and any rules work groups; Rules and Operations Committee determines if proposal is balloted as originally proposed, balloted with some modifications, modified and re-issued for public comment, or rejected
5. Balloting is performed by NACHA membership and requires approval by either two-thirds of the votes cast or three-quarters of the members

Proposed Changes to *NACHA Operating Rules* to Support Health Care: RFC

- Issued “Healthcare Payments and Remittance Processing Request for Comment,” March 12, 2012, with responses due via ACH Participant Survey by April 27, 2012
- Executive Summary:
 - I. Background
 - II. Terminology
 - III. Healthcare Requested Enhancements
 - IV. Elements of the Proposal and Rules Framework
 - V. Impact of the Proposed Rule
 - VI. Effective Dates
 - VII. Technical Summary
 - Appendix: Comparison of ACH Trace Number and Reassociation Trace Number from CAQH CORE EFT & ERA Reassociation (CCD+/835) Rule

Proposed Changes to *NACHA Operating Rules* to Support Health Care: Background

Delivery of Remittance Information* by Receiving Depository Financial institution (RDFI) to Receiver (Provider)

- Currently, the NACHA rules require that, upon the request of the Receiver, an RDFI must provide the Receiver with the information contained within the Payment Related Information field of a CCD addend record (field 3 of a “7” record) by the opening of business on the second banking day following settlement
 - This is the field where the TRN segment is located
- The “upon request” language is intended to ensure that a Receiver has agreed to a service from its financial institution, and that the two parties agree to the timing and the format of the delivery

* NOTE: The term “remittance information” in financial services industry is different from the terms “remittance” or “remittance advice” in healthcare.

Overview of Proposed Changes to the *NACHA Operating Rules* and Questions Posed by RFC

Delivery of Remittance Information by Receiving Depository Financial Institution (RDFI) to Receiver (Provider) (*cont'd*)

- To address the CAQH CORE Requested Enhancements to *NACHA Operating Rules* for EFT/ERA, the RFC described three Options:
 - Option #1 – Automatic, electronic delivery of *CORE-required Minimum CCD+ Reassociation Data Elements* to healthcare providers by the opening of business on the 2nd banking day after settlement
 - Option #2 – Electronic delivery of *CORE-required Minimum CCD+ Reassociation Data Elements* to healthcare providers by the opening of business on the 2nd banking day after settlement, upon request of provider
 - Option #3 – Automatic delivery of *CORE-required Minimum CCD+ Reassociation Data Elements* to providers by the opening of business on the 2nd banking day after settlement; no specific manner of delivery
- Is delivery timeframe of no later than opening of business on the 2nd banking day after settlement appropriate?
- Do you support either format for electronic delivery of *CORE-required Minimum CCD+ Reassociation Data Elements*:
 - Secure delivery of *CORE-required Minimum CCD+ Reassociation Data Elements* via online access to provider's account
 - Secure delivery of *CORE-required Minimum CCD+ Reassociation Data Elements* via online report

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Overview of Proposed Changes to the *NACHA Operating Rules* and Questions Posed by RFC (*cont'd*)

Standard Description and Formatting of Healthcare EFT Transactions; Transaction Indicators/Codes

- Do you agree that CCD entries for Healthcare EFT Transactions should
 - Be clearly distinguishable from other CCD entries?
 - Use a defined entry description (in the Company Entry Description field)?
 - If you answered Yes,
 - do you support the use of “HCCLAIMPMT” for Healthcare EFT Transactions to healthcare providers (with the exception of those to retail pharmacies – see below)?
 - do you support the use of “RXCLAIMPMT” for Healthcare EFT Transactions to retail pharmacies?
 - **NOTE:** *NACHA Operating Rules* today define Company Entry Description as established by the Originator to provide the Receiver with a description of the purpose of the Entry. The information in the Company Entry Description is provided to the Receiver on the periodic statement from their financial institution. The identification of the CCD+ as a healthcare transaction in other fields would not be delivered to the Receiver.
 - Identify the name of the health plan in the Company Name field?
 - **NOTE:** *NACHA Operating Rules* today define Company Name field as a Mandatory, alphanumeric field, that identifies the source of the Entry and must contain the name by which the payee is known to and readily recognized by the Receiver of the Entry. The intention of the modification of this rule is to include in the definition terms that would be recognized by the healthcare industry.

Overview of Proposed Changes to the *NACHA Operating Rules* and Questions Posed by RFC (*cont'd*)

Standard Description and Formatting of Healthcare EFT Transactions; Transaction Indicators/Codes (*cont'd*)

- Do you agree that, in addition to descriptive information, a CCD entry for a Healthcare EFT Transaction should use a defined transaction indicator or code value to uniquely identify it as a Healthcare EFT Transaction?
 - If yes, do you agree with using either of the following:
 - A defined value of “HX” in the Discretionary Data field in the Entry Record?
 - A defined code in the Originator Status Code field in the Batch Header Record - “3” for a commercial Healthcare EFT Transaction and “4” for a federal government Healthcare EFT Transaction?

Overview of Proposed Changes to the *NACHA Operating Rules* and Questions Posed by RFC (*cont'd*)

Addenda Record, Impact, and Compliance Dates

- Do you agree that a CCD entry that is for a Healthcare EFT Transaction should be required to use an addenda record?
- Do you agree that the addenda record of a Healthcare EFT Transaction should be required to include the TRN Reassociation Data segment in the Payment Related Information Field?

NOTE: The CCD+ and X12 835 TR3 TRN Segment are adopted together as the Federal Healthcare EFT Standards in [CMS-0024-IFC](#): Administrative Simplification: Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice, 01/10/12. The proposed changes from NACHA above would align the *NACHA Operating Rules* with the IFC and enables non-compliance to be handled through the NACHA enforcement process.

CAQH CORE Comments on Proposed *NACHA*
Operating Rules Changes for Health Care

Healthcare Feedback on NACHA RFC

Feedback Process

- To assist NACHA in receiving feedback from the healthcare industry, CAQH CORE distributed the NACHA RFC and templated feedback form to CORE Participants
- CAQH CORE aggregated CORE Participant comments on the RFC and submitted a [comment letter](#) and survey response to NACHA for consideration
 - Healthcare entities also had option to submit comments directly to NACHA

General Observations

- Research has indicated that, despite availability of HIPAA transactions, many – especially small – providers are not accustomed to using electronic transactions; for example, many are unaware that they need to reach out to their banks to even discuss receiving the Payment Related Information in the CCD+Addenda needed for successful resassociation of EFT and ERA
- As a result, CAQH CORE Participants are seeking explicit statements from NACHA regarding a standard format, standard delivery mechanism (that assures a fully automated process), and safe harbor; these may be assumed or implicit in the proposed changes, but reassurance is requested

COMMENT AREA A: Electronic Delivery of the CORE-required Minimum CCD+ Reassociation Data Elements

- **NACHA Proposed:** Three options for providers to receive the CORE-required Minimum CCD+ Reassociation Data Elements:
 1. Automatically receive the information electronically
 2. Receive the information electronically upon request
 3. Automatically receive the information via a negotiation initiated by the RDFI
- **CORE Participants:** Generally supported options 1 and 2. Concerns were raised that language used to describe the options is not clear that options provide for an electronic, automated *receipt* of CORE-required Minimum CCD+ Reassociation Data Elements (CAQH CORE Requested Enhancements #1 and #2)
 - Both a standard format and a standard connectivity method offering are essential in order to achieve the goals of automated process; simply “making available” to the provider the CORE-required data does not achieve the goals of administrative simplification as the provider may need to continue using a manual process to obtain and then reassociate payment data to remittance advice* data

* NOTE: The term “remittance information” in financial services industry is different from the terms “remittance” or “remittance advice” in healthcare.

COMMENT AREA A: Electronic Delivery of the CORE-required Minimum CCD+ Reassociation Data Elements *(cont'd)*

- **CORE Recommendations:**

- Add language to clarify provider is receiving information electronically, such that a manual process to obtain/reassociate payment to remittance advice is not needed for posting; suggest RDFI place data into a mailbox from which provider can retrieve data on provider's schedule
 - Providing an automated electronic method for the delivery of the CORE-required data to providers allows vendors of patient account receivables and practice management systems to include in their system automated receipt/retrieval and subsequent automated posting of the payments to the provider's account receivables or practice management systems
- Use the Federally mandated Healthcare EFT Standards as standard format to deliver the CORE-required Minimum CCD+ Reassociation Data Elements to the provider as these standards enable payers, payees, vendors and other intermediaries to use the same common standard for both the initiation of the EFT (Stage 1) and the receipt (Stage 3) of the same data
- Without assurance that the content of the mailbox or other delivery mechanism for the Reassociation Data Elements is not view or print only, format options that would assure the data can be put directly into the providers' information systems to be computable could include:
 - Proprietary transaction sent to provider
 - Spreadsheet sent to provider or downloadable from a portal

COMMENT AREA B: Establishment of a Standard Connectivity “Safe Harbor”

- **NACHA Proposed:** In a footnote, acknowledged that “*CORE Operating Rule 153: Connectivity Rule defines a Connectivity/Security Rule, which is a safe harbor requiring the use of the HTTP/S transport protocol over the Public Internet,*” however no specific delivery mechanism for the CORE-required Minimum CCD+ Reassociation Data Elements was included in the RFC
- **CORE Participants:** Expressed concerns that proposed changes do not *explicitly* state that standard format (e.g., enveloping) and delivery (e.g. transport) through a secure Internet protocol are required offerings (CAQH CORE Requested Enhancement #3)
- **CORE Recommendations:** Explicitly state in *NACHA Operating Rules* that electronic delivery of reassociation data by RDFI to healthcare provider is offered using the CAQH CORE “safe harbor” connectivity method as required in the HIPAA-mandated CAQH CORE 270 Connectivity Rule
 - As with the CORE rules how an entity decides to offer out this methodology (e.g. through a partnership) is up to the entity

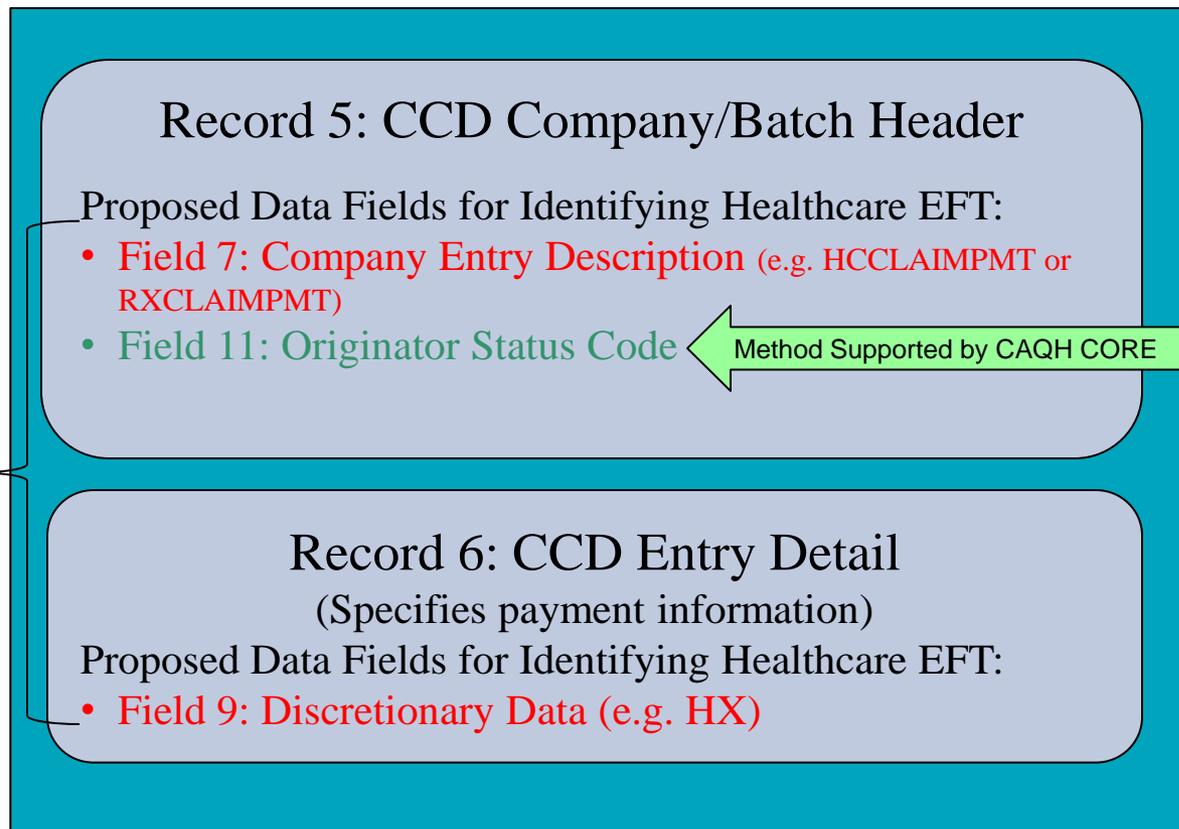
COMMENT AREA C: Identification of Healthcare EFTs – Multiple Methods Proposed in NACHA RFC

- The CAQH CORE Requested Enhancements to the *NACHA Operating Rules* did not include a request to uniquely identify healthcare payments; however, it is understood that these requested enhancements do necessitate that financial institutions be able to distinguish healthcare EFTs from other transactions so that the institutions can automatically deliver the CORE-required Minimum CCD+ Data Elements to providers
- The NACHA RFC proposes multiple methods which could be used to identify healthcare EFTs including:
 - A Unique Healthcare Identifier in either the entry-level (Discretionary Data field) or batch level (Originator Status Code field) of the CCD
 - Use of the Company Entry Description field to clarify if the purpose of the payment is for a medical healthcare transaction or a retail pharmacy transaction
- CORE Participants generally expressed concern regarding the use of multiple methods to identify healthcare EFTs, indicating it was beyond what is needed to achieve the CAQH CORE Requested Enhancements

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COMMENT AREA C: Identification of Healthcare EFTs – Multiple Methods Proposed in NACHA RFC (*cont'd*)

CORE Participants do not see industry need to identify healthcare EFTs in multiple fields of the CCD+; support use of a single field at batch level



COMMENT AREA C: Identification of Healthcare EFTs – Unique Healthcare Identifier

- **NACHA Proposed:** Requiring originators (i.e., health plans) to identify a healthcare EFT payment using a new code in either:
 - Discretionary Data field in CCD Entry Detail record
 - Originator Status Code field in Company/Batch Header record
- **CORE Participants:** Noted that the first option above (Entry Level) utilizes a field that may already be used for other purposes today, where the second (Batch Level) takes an existing coded field and expands the available codes to add two new healthcare-related codes
- **CORE Supports:** The need to identify a healthcare EFT at the batch level, which is similar to how the ASC X12 transactions are identified at the Functional Group level, enabling automated processes at the front end and facilitating a common understanding of how files can be identified across industries

COMMENT AREA C: Identification of Healthcare EFTs – Company Entry Description

- **NACHA Proposed:** To require that the Company Entry Description field be populated with information to clarify if the purpose of the payment is for a medical healthcare transaction or a retail pharmacy transaction
- **CORE Participants:** Universally questioned the need to make this distinction, including questioning who would define the difference; in addition, if the EFT is identified at the batch level as a healthcare transaction, there is no further need to identify each entry detail record as a healthcare transaction
- **CORE Recommendation:** Do not distinguish medical from retail pharmacy as there is no industry need and could add to the burden of the financial services industry; in addition, if the EFT is identified at the batch level as a healthcare transaction, there is no further need to identify each entry detail record as a healthcare transaction to meet the CAQH CORE Requested Enhancements

COMMENT AREA C: Identification of Healthcare EFTs – Company Name Field

- **NACHA Proposed:** That the Company Name Field be the name of the health plan by which the payer is known by the payee
- **CORE Participants:** Noted that there is a significant variance in number of allowed characters between the EFT and ERA standards:
 - NACHA CCD+ (16 maximum)
 - ASC X12 v5010 835 (60 maximum)
 - It is very likely that these two fields would not match and could cause issues for healthcare providers; CORE Participants and others in the healthcare industry do not believe correlating these two fields is a priority, especially as a HIPAA health plan identifier (HPID) has just been proposed
- **CORE Recommendation:** Address any proposal for changing the Company Name Field for healthcare after the federally-mandated Health Plan Identifier (HPID) is finalized and analysis can be performed on how or if there is a need to still address this area

COMMENT AREA D: Less Substantive Issues – Adding Healthcare-Related Definitions to *NACHA Operating Rules*

- **NACHA Proposed:** Adding the following terms associated with the Health Care EFT
 - Health plan
 - Healthcare provider
 - CORE-required Minimum CCD+ Reassociation Data Elements
- **CORE Participants:** Agreed with the addition of these terms
- **CORE Recommendation:** Definitions are consistent with federal laws, regulations and standards adopted therein

COMMENT AREA D: Less Substantive Issues – Addenda Record

- **NACHA Proposed:** Requiring the use of an Addenda Record with any CCD Entry used for a Healthcare EFT Transaction
- **CORE Participants:** Observed that because the IFC for the Health Care EFT Standards adopted the NACHA CCD+/TRN segment as the HIPAA-mandated standards for healthcare EFT this proposed change may be unnecessary
- **CORE Recommendation:** Word the proposed change in a manner that its intent is to clarify the obligations of the ODFI and RDFI with respect to these changes

COMMENT AREA D: Less Substantive Issues – Segment Terminator

- **CORE Participants:** Observed a conflict that was not included in the NACHA Request for Comments
 - ASC X12 835 transaction standard uses the tilde (“~”) as the predominant segment terminator
 - *NACHA Operating Rules* require the backslash (“\”) for the segment terminator
- **CORE Recommendation:** Adjust the *NACHA Operating Rules* with respect to the TRN segment terminator to also allow the use of the tilde (“~”)

Next Steps