April 27, 2012

Maribel Bondoc, Manager, Network Rules
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Priscilla Holland, AAP, Senior Director, Network Rules
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Dear Maribel and Priscilla:

Re: NACHA Healthcare Payments and Remittance Processing Request for Comment
(See also CAQH CORE online response to survey.)

CAQH CORE is pleased to offer comments on the NACHA proposal to amend the *NACHA Operating Rules*. These amendments should support the CAQH CORE Phase III CORE EFT & ERA Operating Rules, including the Reassociation (CCD+/835) Rule; the HHS interim final rule on "Administrative Simplification: Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice" issued January 10, 2012; the needs and concerns of health plans and healthcare providers in general; additionally we understand financial services institutions using the ACH Network also have identified potential amendments to assist healthcare.

Overall, we appreciate NACHA's understanding of and attention to the issues facing the healthcare industry in moving toward greater adoption of automation to achieve the goals of administrative simplification. We have sequenced our comments provided below to correspond to the specific elements in your Proposal.

- **Relating to <u>delivery of remittance information</u> to healthcare providers so that the providers receive the CORE-required Minimum CCD+ Reassociation Data Elements (*NACHA Operating Rules* Subsection 3.1.5.3, RFC pages 5-7):**

  The proposed changes to the *NACHA Operating Rules* would require "the RDFI to deliver (or make available) the CORE-required Minimum CCD+ Reassociation Data Elements to healthcare provider via the provider's online banking account or via a secure online report." Three options are proposed for how providers who receive EFTs could:

  1. automatically receive the information
  2. receive the information upon request
  3. receive the information via a negotiation initiated by the RDFI

  CORE participants generally supported both options 1 and 2. However, concerns were raised that the language used to describe the proposed options is not clear that the options provide for an *electronic* automated receipt of the CORE-required Minimum CCD+ Reassociation Data Elements. Both a standard format and a standard connectivity method offering are essential in order to achieve the goals of automated process.

  <u>Recommendation</u>: Add language to clarify the provider is receiving this information electronically such that a manual process to obtain and then reassociate the payment data to

remittance advice data is not needed to post the payment. Automatic delivery of the CORE-required Minimum CCD+ Reassociation Data Elements upon the request of the provider (a combination of Option 1 and 2) could be accomplished by the RDFI placing the data into a mailbox from which the provider can pick up/retrieve the data on the provider's schedule.

CAQH CORE also recommends using the Federally mandated Healthcare EFT Standards as the 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.

- **Relating to establishment of a standard connectivity "safe harbor" for the delivery of the CORE-required Minimum CCD+ Reassociation Data Elements to providers:**

  The proposed changes to the *NACHA Operating Rules* related to the healthcare EFT acknowledge by reference in a footnote that the CORE Operating Rule 153: Connectivity Rule which is a safe harbor requiring the use of the HTTP/S transport protocol over the Public Internet. However, it appears that the proposed changes to the *NACHA Operating Rules* do not explicitly state that delivery through a secure Internet protocol is a required offering; it also appears that an earlier version of the CORE Connectivity Rule is references, rather than the version included in the CAQH CORE EFT & ERA Operating Rules (CORE Operating Rule 270).

  Recommendation: Explicitly state in the *NACHA Operating Rules* that electronic delivery of the reassociation data by the RDFI to the healthcare provider is offered using the CAQH CORE "safe harbor" connectivity method. The healthcare industry continues to move towards a uniform and consistent method for data delivery. We ask that the financial services industry recognize this momentum in healthcare and align with the effort.

- **Relating to definitions of healthcare terminology within the *NACHA Operating Rules* (new sections 8.19, 8.44, 8.45, and 8.46):**

  Terms associated with Healthcare EFT Transaction, including Health Plan; Healthcare Provider; and CORE-required Minimum CCD+ Reassociation Data Elements, etc. have been added.

  Support: CAQH CORE supports these definitions and believes they are consistent with federal laws, regulations, and standards adopted therein.

- **Relating to adding a new code for Unique Healthcare Identifier to the *NACHA Operating Rules* Appendix Three, Subpart 3.1.8, Sequence of Records for CCD Entries and revision of definition of the Discretionary Data field in Appendix Three, Subpart 3.2.2, Glossary of Data Elements:**

  The proposed changes to the *NACHA Operating Rules* would require originators (i.e., payers) to identify a healthcare EFT payment using a new code in either the Discretionary Data field in the CCD Entry Detail Record or via new codes in the Originator Status Code field in the Company/Batch Header record.

Support: CAQH CORE supports the need to identify a healthcare EFT at the batch level, which is similar to how the HIPAA-mandated ASC X12 transactions are identified at the Functional Group level, enabling automated processes at the front end. Identifying the healthcare EFT transactions at the Company/Batch Header Record facilitates a common understanding of how files can be identified across industries.

- **Relating to revision of description of the Company Name Field #3 in CCD Record 5 (*NACHA Operating Rules* Appendix Three, subpart 3.2.2, Glossary of Data Elements):**

  The proposal recommends that the Company Name Field be the name of the health plan by which the payer is known by the payee. As part of the development of the CORE Reassociation Rule a crosswalk between the NACHA CCD+ and the ASC X12 v5010 835 Electronic Remittance Advice transaction was performed. It was determined that there is a significant variance in the number of allowed characters between the two standards: where 60 is the maximum in the ASC X12 v5010 835 and 16 in the NACHA CCD+. As such, it is very likely that the two fields would not match and could cause issues for healthcare providers. CAQH CORE has heard from its participants and others in the healthcare industry that correlating these two fields is not a priority at this time, especially as the HIPAA health plan identifier (HPID) has just been proposed for Regulation by CMS via an Interim Final Rule with comment.

  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.

- **Relating to the Company Entry Description field (*NACHA Operating Rules*, Appendix Three, subpart 3.2.2, Glossary of Data Elements):**

  The proposal would require that the Company Entry Description field needs to be populated with information to clarify if the purpose of the payment is for healthcare transactions or retail pharmacy transactions.

  Recommendation: Do not distinguish medical from retail pharmacy claims data as there is no need. CAQH 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.

- **Relating to requiring the use of an Addenda Record with any CCD Entry used for a Healthcare EFT Transaction (as an amendment to *NACHA Operating Rules* Article Two, subsection 2.5.3.1 (General Rule for CCD Entries):**

  CAQH CORE observes that since the interim final rule for the EFT Healthcare Standards adopted the NACHA CCD+/TRN segment as the HIPAA mandated standards for healthcare EFT. This proposed change may be unnecessary; unless NACHA believes it would be helpful to clarify the obligation of the ODFI to receive the Addenda Record and for the RDFI to forward it to the provider.

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.

- **Relating to the Segment Terminator in the *NACHA Operating Rules* to be used in the Addenda Record of the CCD:**

  Finally, while not covered in the NACHA Request for Comment, it was observed that there is a conflict between the ASC X12 835 and *NACHA Operating Rules* with respect to the segment terminator to be used in the Addenda Record of the CCD. The tilde ("~") is the predominantly used segment terminator in healthcare and the *NACHA Operating Rules* require the backslash ("\") for the segment terminator.

  Recommendation: Adjust the *NACHA Operating Rules* with respect to the TRN segment terminator to also allow the use of the tilde ("~").

It has been a pleasure to work with NACHA on what can truly be considered ground-breaking collaboration between two distinct industries. Even beyond this landmark effort, CAQH CORE is very appreciative of the good counsel we have received over the years from NACHA in constructing operating rules. Likewise, we hope that our input into these proposed changes to the *NACHA Operating Rules* to accommodate the regulatory mandate for HIPAA covered entities to adopt a healthcare EFT and remittance advice standard is helpful to you.

Thank you for considering our comments. Please let me know if I can provide further clarification.

Sincerely,

Gwendolyn Lohse
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