ACTION REQUESTED: Model letter on Interim Final Rule on Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice (ERAs). Response needed by February 17, 2012.

Dear CORE Participant:

CAQH CORE is pleased to request your input on the federal government’s interim final rule with comments (IFC) for Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Electronic Remittance Advice (ERA), published January 10, 2012.¹ Some key points to bear in mind with respect to this IFC include:

- The IFC relates to **standard for health care EFTs and ERAs**. Many industries use EFTs under the NACHA Operating Rules & Guidelines; however, there are no health care standards that have been adopted by the federal government for EFTs, and thus this IFC (and subsequent operating rules) will help ensure coordinated use of the standard to meet the needs of the health care industry. [CMS issued a press release](http://www.gpo.gov/fdsys/pkg/FR-2012-01-10/pdf/2012-132.pdf) that describes streamlined EFTs and related standardization saving more than $16 billion over 10 years.

- CAQH CORE anticipates that **a separate IFC for operating rules for health care EFTs and ERAs** will be issued later this year. The National Committee on Vital and Health Statistics (NCVHS), as advisor to CMS under the Affordable Care Act (ACA), has recommended that the health care operating rules for EFT and ERA from CAQH CORE, which were developed in collaboration with NACHA, be adopted.

Your input is VITAL to demonstrate support for the adoption of the EFT standard and the requirement that key data from the ERA be included as part of the EFT to enable providers to match the electronic payment with the corresponding statement. The following are the next steps to ensure the IFC is as clear as possible:

1. Provide your input on the attached draft letter by **February 17, 2012**. See instructions on the last page of this letter for sending comments to CAQH CORE. For ease of use, the draft model letter outlines the key substantive areas for comment identified on this IFC and references sections in the IFC to which each area applies.
2. CAQH CORE will compile your comments and issue a final model letter by **February 29, 2012** with instructions on how to submit to CMS.
3. Participants will finalize their own comments and send to CMS by **March 12, 2012**.
4. CAQH CORE will utilize your input via this process for sending collective comments to CMS.

Beyond the IFC, CAQH CORE will continue to ensure financial services and the healthcare industry coordinate on EFT. For example, we will work with NACHA to provide healthcare input on any adjustments made to the NACHA operating rules to support healthcare’s use of the NACHA EFT CCD+ standard; proposed adjustments will be reviewed by the CORE participants as the NACHA process moves forward in coming months. (Reminder: the draft CAQH CORE EFT/ERA rules outline potential adjustments to the NACHA operating rules.)

Supplying comments on this IFC is a way to recognize the tremendous contributions that all of you are making to administrative simplification. Should you have any questions, please contact me at glohse@caqh.org.

Sincerely,

Gwendolyn Lohse
Deputy Director, CAQH and Managing Director, CORE

<Date>

Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
Attention: CMS-0024-IFC  
P.O. Box 8013  
Baltimore, MD 21244-8013

Re: CMS-0024-IFC: Administrative Simplification: Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice (RIN 09380-AQ11)

Dear Acting Administrator Tavenner:

<Name of Organization> is pleased to offer comments on the above-referenced interim final rule with comment period (IFC) concerning federal adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice.

We support these health care standards as an important means to promote further improvement in administrative simplification. Continuing the expedited IFC process is applauded so that benefits can accrue sooner rather than later. It is also appreciated that the IFC includes explanatory material on the overarching EFT process (IFC Section I.B.) and:

- Acknowledges the industry for which this health care standard for EFT and remittance advice is adopted.
- Recognizes that the standards being adopted are for Stage 1 Payment Initiation of the Health Care EFT (IFC Section II.B. and II.G.3.), while also acknowledging that the ultimate recipient of the transmission is a health care provider (IFC Section II.A.).
- Clarifies that the operating rules referenced in the health care standard EFT for financial services are those from the NACHA Operating Rules & Guidance and are not the “operating rules” for the health care EFT as the term is used under HIPAA and ACA (IFC Section II.G.1) and which are anticipated to be adopted in future rulemaking (IFC Section I.A.2.). CAQH CORE’s research on EFT and ERA operating rules helped identify and gain industry support for the re-association requirements outlined in this IFC.

As a strong supporter of the previously adopted CAQH CORE Operating Rules for Eligibility and Claim Status, we also appreciate that the National Committee on Vital and Health Statistics (NCVHS), on December 7, 2011, has recommended adoption of health care operating rules for the health care EFT and remittance advice from CAQH CORE in collaboration with NACHA. We look forward to the anticipated IFC to adopt these health care operating rules in the coming months.

While <Name of Organization> endorses the adoption of the Health Care Standard EFT and Remittance Advice, we urge consideration for addressing several areas that could be revised or clarified in the final rule:
1. **Recognize that the TRN Trace Number would need to be carried in other transmission vehicles or standards that are used for the health care EFT.**

We strongly support adoption of the NACHA CCD+ Addenda standard as outlined in the IFC. The outlined IFC requirements were identified during CAQH CORE operating rule writing as necessary requirements after significant research and discussions. We also recognize the importance of the Debt Collection and Improvement Act of 1996 definition of EFT (IFC Section I.B.). The referenced Act provides a broad spectrum of transmission vehicles to enable innovation and testing that could put new transmission forms into production without new regulation. We recognize that allowing for innovation is a key role of HHS.

As noted in the IFC, the NACHA CCD+ standard adopted by the IFC applies only to health care EFTs over the ACH Network (IFC Section I.B.), understanding that the ACH Network supports both – but only – the CCD+ Addenda and the CTX. Based on our research, health plans are not using the CTX. The IFC also recognizes the existing role of the Federal Reserve Wire Network (FedWire) transfers to carry remittance advice information in addenda records and Table 1 information including the TRN Trace Number. Yet, there is no existing standard way for the industry to *automatically* re-associate a FedWire payment to a specific electronic remittance advice (ASC X12 835). Beyond the FedWire, should other vehicles or standards be used by healthcare, the same re-association challenge will exist and thus provider needs will not be addressed unless the industry addresses such new methods. Although the majority of EFTs will likely travel over the ACH network using the CCD+, CMS should consider how to address this TRN Trace Number challenge should the industry begin using other methods *in any significant way*. If this need arises, CMS could request the development of operating rules to address re-association with the transmission method(s).

2. **Ensure that the references in the regulation to the version of the NACHA Operating Rules & Guidelines are complete with respect to incorporating changes that align with the health care operating rules, e.g., the entire X12 835 TRN Segment in the Addenda Record of the CCD+Addenda when payment is for health care.**

We support CMS in observing that inclusion of the TRN Segment in the Addenda Record of the CCD+Addenda (IFC Section II.D.) and in the remittance advice is best served through operating rules (IFC Section II.D.). These are appropriate requirements for operating rules. The CAQH CORE operating rules for EFT and ERA recommended by NCVHS to HHS address both the need for inclusion of the TRN Segment in both the EFT and ERA, and the need to require completion of the date fields in the TRN Segment where the ASC X12 v5010 TR3 does not do so.

Due to the CAQH CORE partnership with NACHA, we also are aware that there are proposed updates to the NACHA Operating Rules & Guidelines requiring that when the CCD+Addenda is a health care payment, the TRN Segment in its entirety must be inserted into Field 3 Payment Related Information of Record 7. These and other potential adjustments are still under review by the financial services industry, which are the entities who vote on the NACHA operating rules. CAQH CORE is working closely with NACHA to track this process as CAQH CORE intends to comment on the proposed NACHA operating rule adjustments, especially those adjustments identified by CAQH CORE. This said, the referenced section to the NACHA Operating Rules & Guidelines (§162.1602(d)(1)(ii)) may not be the complete reference. It is critical that as the NACHA Operating Rules are adjusted, the regulations allow for this evolution. As the financial services versioning of its operating rules and the industry-neutral CCD+ standard is incorporated into the health care standards codified in HIPAA regulation, it is prudent
for CMS to consider the most appropriate referencing of the version of the NACHA Operating Rules & Guidelines.
To promote ongoing coordination, CAQH CORE is committed to working with NACHA to ensure the healthcare industry has open and meaningful access to and an understanding of the NACHA operating rules, including commenting on any future adjustments.

3. **Recognize potential additional costs to providers as the ultimate recipient of the transmission of health care EFTs.**

While we concur that there are no direct costs to providers associated with adopting the Health Care EFT Stage 1 Payment Initiation, the IFC acknowledges in the Background discussion (Section IV.) that there may be costs associated with providers enrolling in a health plan in order for the provider to be the ultimate recipient of the EFTs. For completeness, we recommend that it should be acknowledged that there may be provider costs associated with Stages 2 and 3 of the Payment process, such as upgrades to information systems and fees associated with viewing payments at the receiving depository financial institution (RDFI).

4. **Ensure there are appropriate changes to the current exclusion of banks under HIPAA if alternative forms of transmission vehicles/standards - which are allowed by this IFC - carry detailed remittance advice information through the stages of EFT payment initiation, transfers of funds, and deposit notification.**

We support the findings of CMS that the processes of performing Stage 1 Payment Initiation are included in HIPAA 1179 and that this Health Care EFT does not transmit protected health information (PHI), thereby excluding originating depository financial institutions (ODFIs) from HIPAA compliance (II.H.2.). We recognize, however, the importance of preserving the privacy of PHI and would request that the use of the CTX or any other transmission format that simultaneously carries the health care EFT and the ASC X12 835 electronic remittance advice (ERA) be fully examined and appropriate safeguards assured.

We support the decision to adopt NACHA as a designated standards maintenance organization (DSMO) for the CCD+ health care EFT as this decision is consistent with the Secretary’s discretion under HIPAA and as recommended by NCVHS. We applaud CMS’s outreach not only to the organizations that by law it must consult with, but also reaching out to a broader set of stakeholders (IFC Section II.G.2.). CMS and NCVHS should continue to move aggressively to support industry momentum towards administrative simplification by encouraging coordinated cross-industry efforts such as those occurring with EFT.

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

Sincerely,

<Name>
>Title>
SUMMARY AND INSTRUCTIONS FOR RETURNING COMMENTS TO CAQH CORE

Below are the substantive comment areas identified by CAQH CORE to date. Please comment on the key points, adding any detail that you would like to see considered for inclusion, as well as any additional comments. Send your input to CORE@caqh.org by February 17, 2012.

1. Recognize that the TRN Trace Number would need to be carried in other transmission vehicles or standards that are used for the health care EFT.
2. Ensure that the references in the regulation to the version of the NACHA Operating Rules & Guidelines are complete with respect to incorporating changes that align with the health care operating rules, e.g., the entire X12 835 TRN Segment in the Addenda Record of the CCD+Addenda when payment is for health care.
3. Recognize potential additional costs to providers as the ultimate recipient of the transmission of health care EFTs.
4. Ensure there are appropriate changes to the current exclusion of banks under HIPAA if alternative forms of transmission vehicles/standards - which are allowed by this IFC - carry detailed remittance advice information through the stages of EFT payment initiation, transfers of funds, and deposit notification.
5. Other: Submit any other comments, or note places in the IFC that need clarification.