



**To:** HIPAA Covered Healthcare Providers

**From:** CAQH CORE

**Date:** December 2013

**Subject:** Requesting EFT Payments from Health Plans and Status of Implementation of Operating Rules

CAQH CORE is pleased to announce the release of a new tool to assist providers with the transition from paper checks to electronic funds transfer (EFT) payments: a sample letter a provider can email to health plans, or use as talking points for a phone or in person meeting with health plan contacts, to request payment via EFT and/or the status of the health plan's operating rule implementation. This new tool complements the existing [Sample Provider EFT Reassociation Data Request Letter](#), a separate tool from CAQH CORE designed to assist providers in requesting from their financial institutions the necessary data needed for successful EFT and electronic remittance advice (ERA) reassociation.

#### **Benefits of the Sample Letter and EFT Payments**

The Affordable Care Act (ACA) requires that as of January 1, 2014 all HIPAA covered health plans offer to providers an electronic payment option via the newly mandated Healthcare EFT Standard (i.e., NACHA CCD+ and TRN Segment). Thus, by this date, providers are encouraged to request EFT payment from health plans. There are many reasons providers should consider transitioning to EFT payments, including:

- Faster payment and remittance advice processing
- Reductions in phone calls to health plans
- Time savings associated with manual processes such as sorting mail, opening envelopes, posting the checks, depositing the checks, and ultimately reconciling the paper remittance advice with the patient accounts
- Eliminates lost or stolen checks

Furthermore, the ACA-mandated [EFT & ERA Operating Rules](#) enable more efficient provider use of both EFTs and ERAs. The rules require standardized provider enrollment in EFT and ERA and easier reassociation of EFTs and ERAs. Specifically, the operating rules include requirements for health plans to:

- Use a consistent flow and format on EFT and ERA enrollment forms so that forms are similar across health plans
- Offer an electronic method for provider EFT and ERA enrollment
- Make reassociation of EFTs and ERAs more automated for providers, including requirements that help ensure that providers:
  - Receive the EFT payment and ERA within a reasonable timeframe (e.g. 3 days or less) if the provider has enrolled in both
  - Provide access to instructions from health plans on how to address late or missing EFTs and ERAs
  - Receive the key data elements in the two transactions necessary for successful reassociation
  - Reach out to their financial institutions to request delivery of the ACH Payment Related Information when enrolled for EFT
- Implement connectivity and infrastructure requirements to support provider use of ERAs
- Use a uniform set of code combinations for common business scenarios to convey details of the claim denial or payment adjustment to the provider

Due to the mandated EFT & ERA Operating Rules, as of January 1, 2014, health plans must have a process in place for providers to enroll in EFT electronically, understanding information on how to enroll in EFT with a given health plan may not currently be easily accessible to providers. In addition, if your provider organization is not also already receiving



remittance information via the HIPAA mandated X12 v5010 835 standard, you are encouraged to further customize this sample letter to request **both** EFTs and ERAs from your health plans - thus transitioning to a fully electronic payment process given operating rules now support more standardized provider enrollment, more effective reassociation of EFTs and ERAs, and infrastructure requirements for ERAs such a common connectivity mechanisms.

*NOTE: If you are unsure about some of the terms used in this document, see the Appendix on the last page for a list of key definitions.*

### **Applicability**

The sample letter applies to providers that wish to take advantage of the new Healthcare EFT Standard from a HIPAA covered health plan and/or want to check the status of the health plan's EFT & ERA Operating Rules implementation.

### **Key Steps**

Providers should complete the following steps to request enrollment in EFT from any HIPAA covered health plan and/or check the status of the health plan's EFT & ERA operating rules implementation:

1. Determine if your provider organization is currently outsourcing EFT and/or paper check processing to a clearinghouse or vendor; if so, consult your clearinghouse/vendor contact to jointly determine from which health plans you need to request EFT payments via the mandated NACHA CCD+.
2. If your organization does not use a clearinghouse/vendor, or if you and your vendor/clearinghouse jointly identify health plans with which you should enroll in EFT, visit the health plans' websites to determine if instructions for EFT NACHA CCD+ enrollment are easily accessible and clear. If so, proceed to enroll in EFT via the health plans' websites.
3. If you are unable to find clear instructions for EFT enrollment on the health plan's website, you may customize the sample letter below to request payment via EFT. Key contacts at the health plan regarding EFT enrollment may include:
  - Account manager
  - Provider relations manager
  - Finance director
  - Customer service manager

Options for communicating the key points in the letter include:

- Talking Points for Phone Conversation: Use the key points outlined in the sample letter to develop talking points for a phone conversation with your health plan contacts.
  - Email: Complete the yellow-highlighted areas in the body of the sample letter and email the letter to your health plan contacts; if you contact your health plan via email, follow-up with a phone call to ensure receipt.
4. Provider organizations that use the letter should expect to receive information from the health plans regarding EFT enrollment and/or ACA mandated EFT & ERA Operating Rule status and, ultimately, begin receiving payment via EFT once enrollment is complete given HIPAA covered health plans must offer payment via the mandated EFT NACHA CCD+ as of January 1, 2014. By this date, health plans should also be conducting EFTs and ERAs in compliance with the ACA mandated EFT & ERA Operating Rules.



- NOTE: If a HIPAA covered health plan does not offer payment via the Healthcare EFT Standard as of January 1, 2014, providers may contact the [CMS Office of E-Health Standards and Services](#).
5. Contact Your Banks! As mentioned above, providers receiving or who wish to receive EFT payments should also contact their financial institutions to request delivery of the ACH Payment Related Information, which contains the necessary information needed for successful EFT and ERA reassociation. Financial institutions must only provide this information **upon request** via a secure, electronic method. For more information on contacting your financial institution, see CAQH CORE's [Sample Provider EFT Reassociation Data Request Letter](#).

**When to Send the Letter**

Now! The ACA requires that as of January 1, 2014, all HIPAA covered health plans offer payment via the Healthcare EFT Standard to providers and be compliant with the ACA mandated EFT & ERA Operating Rules. If your provider organization does not use EFT and ERA, it will not benefit from the operating rules.



**NOTE:** Click [HERE](#) to access a Microsoft Word version of the sample letter below to customize for your organization.

## SAMPLE LETTER FROM PROVIDER TO HEALTH PLAN TO REQUEST PAYMENT VIA EFT

<date>

<key contact(s) at health plan>

<key contacts' job title(s)>

<health plan name>

**Re:** Request for EFT Payments at <name of provider organization>

Dear <key contact(s) at health plan>,

The Affordable Care Act (ACA) requires that as of January 1, 2014, all HIPAA covered health plans offer payment via the Healthcare EFT Standard (e.g. NACHA CCD+) to providers and be compliant with the ACA-mandated [EFT & ERA Operating Rules](#) which support the adoption of electronic payments and electronic remittance advice (ERA) across the healthcare industry. Specifically, the operating rules include requirements for health plans to:

- Use a consistent flow and format on EFT and ERA enrollment forms so that forms are similar across health plans
- Offer an electronic method for provider EFT and ERA enrollment
- Make reassociation of EFTs and ERAs more automated for providers including requirements that help ensure providers:
  - Receive the EFT payment and ERA within a reasonable timeframe (e.g. 3 days or less) if the provider has enrolled for both
  - Provide access to instructions from health plans on how to address late or missing EFTs and ERAs
  - Receive the key data elements in the two transactions necessary for successful reassociation
  - Reach out to their financial institutions to request delivery of the ACH Payment Related Information when enrolled for both EFT
- Implement connectivity and infrastructure requirements to support provider use of ERAs
- Use a uniform set of code combinations for common business scenarios to convey details of the claim denial or payment adjustment to the provider

<name of provider organization> would like to benefit from the new HIPAA EFT Standard and the ACA-mandated EFT & ERA Operating Rules and begin receiving payments from <health plan name> via EFT.

The purpose of this communication is to formally request payment via EFT for claims paid to <name of provider organization> and an update on the status of EFT & ERA Operating Rules implementation at <health plan name>. Please respond to this email with instructions on how to obtain the EFT enrollment form. Please also provide a contact name, phone number, and email so that we can ask any questions or follow-up once we have submitted the forms. If you use a clearinghouse or third party, please provide contact information for them, as well as for <health plan name>.

**NOTE:** The below list includes the additional things your provider organization may want to consider asking about in a customized letter:

- *Timeframe by which <name of provider organization> should expect to begin receiving EFT payments from <health plan name> once enrolled*
- *Confirmation that <health plan name> is sending HIPAA compliant EFTs and ERAs which contain the TRN Reassociation Trace Number data segment necessary for reassociation by providers*
- *Confirmation that <health plan name> is in compliance with the ACA mandated EFT & ERA Operating Rules as of January 1, 2014 including key requirements supporting successful provider reassociation of EFTs and ERAs including:*



- *Releasing the ERA no sooner than three business days prior to the CCD+ Effective Entry Date and no later than three business days after the CCD+ Effective Entry Date*
- *Availability of Late/Missing EFT and ERA Transactions Resolution Procedures defining the process a provider must use when researching and resolving a late or missing EFT and/or ERA*

Thank you in advance for your assistance. If you should have any questions, please contact <key contact at provider organization> at XXX-XXX-XXXX or X@X.com. If we do not receive a response, we will follow-up on this <email/letter> via phone in one week.

Sincerely,

<your name>

<your job title>

<name of provider organization>

<your phone number>



## Key Definitions:

- **ACH (Automated Clearing House) Network:** The ACH Network is a batch processing, electronic payments system governed by the *NACHA Operating Rules*, which provide for the interbank clearing of electronic payments (EFT) for participating depository financial institutions.<sup>1</sup>
- **ACH Payment Related Information:** A field in the NACHA CCD+ Addenda Record containing EFT payment-related ASC X12 data segments including the TRN Reassociation Trace Number data segment.<sup>2</sup>
  - NOTE: While financial institutions are required to provide the ACH Payment Related Information upon request, various terminology is used across both the financial services and healthcare industries when referring to this information including:
    - ACH Payment Related Information
    - Addenda Record Information
    - CORE-required Minimum CCD+ Data Required for Reassociation
- **CAQH CORE:** CAQH CORE is a national multi-stakeholder initiative that streamlines electronic healthcare administrative data exchange and improves health plan-provider interoperability through an integrated model of operating rule development, adoption and maintenance. CAQH CORE has been designated by the Department of Health and Human Services (HHS) as an author for ACA-mandated healthcare operating rules. To learn more about CAQH CORE, visit [www.caqh.org](http://www.caqh.org).
- **CAQH CORE EFT & ERA Operating Rules:** A set of healthcare operating rules mandated by the Affordable Care Act which all HIPAA covered entities must implement. For more information click [HERE](#).
- **NACHA - The Electronic Payments Association:** NACHA is the healthcare EFT standard organization, as mandated by Federal regulation, and its ACH CCD+ is the federally required healthcare EFT standard. NACHA manages the development, administration, and governance of the ACH Network, the backbone for the electronic movement of money and data. As a not-for-profit association, NACHA represents more than 10,000 financial institutions via 17 regional payments associations and direct membership. To learn more about NACHA and healthcare payments, visit <https://healthcare.nacha.org/>.
- **NACHA CCD+:** The Corporate Credit or Debit plus Addenda is the HIPAA mandated Healthcare EFT standard which is used to make/collect payments to/from other corporate entities. The CCD+ ACH Standard can include one record of payment-related information of up to 80 characters. Health plans use the CCD+ to send payments via EFT, with a reassociation number that matches the EFT to its associated ERA.
- **Settlement Date:** The day on which settlement occurs, i.e., funds actually change hands as a result of an ACH entry.<sup>3</sup>
- **TRN Reassociation Trace Number:** Uniquely identifies the transaction set and aids in reassociating payments and remittance advices that have been separated.<sup>4</sup>

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<sup>1</sup> NACHA Operating Rules & Guidelines 2013.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> HIPAA-adopted ASC X12N 005010X221A1 835.