ERA and EFT: The Physician Perspective

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AMA
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Electronic Remittance Advice (ERA): Provider Benefits

- Faster payment processing time
- Reduced time spent on manual processes (e.g., opening envelopes, filing)
  - Frees up resources for patient care
- Standardization yields improved understanding of claims adjustments
- Enhanced reconciliation potential

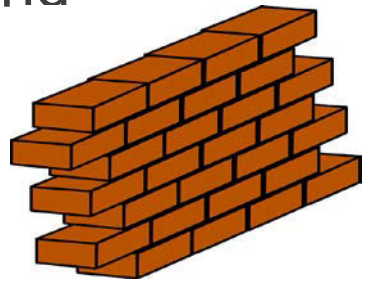
Current State of ERA Adoption

- 2014 CAQH Index reports moderate rate of ERA adoption[1]:
  - 55% health plans
  - 47% providers
  - 51% health plans and providers combined
- Increased adoption could yield approximately $1.5 billion in currently untapped savings for the industry[1]

1. *2014 CAQH Index™ Electronic Administrative Transaction Adoption and Savings Calendar Year 2013*. Available at: http://www.caqh.org/pdf/2014Index.pdf.

Barriers to Physician ERA Adoption

- Enrollment challenges (separate process for each health plan)
- Inefficient reconciliation with electronic funds transfer (EFT) payments
- Health plan noncompliance with standards and operating rules



ERA Reconciliation Concerns

- ERA and standard EFT are designed to work synergistically to maximize payment automation and reconciliation
- Standard EFT payments are made using the CCD+ addenda format, which contains necessary information for pairing EFT with ERA
- Many vendors do not support automated reconciliation, driving practice staff back to manual processes
- Some banks are truncating the reassociation trace number (TRN)
- Reconciliation challenges highlighted in recent ADA/AMA/MGMA informal Web survey comments
  - "It is easier to receive payments by check so that the EOB is included with the check."
  - "We want receipt of a paper check for documentation purposes."

ERA Compliance Issues

- Some health plans still will not provide ERA upon physician request
- Many ERAs do not properly balance, requiring additional work for practices
- Health plan portals provide more complete/accurate remittance information than standard transaction; incentive to use portal vs. ERA
- Health plans not following required ERA/EFT 1:1 ratio (1 ERA = 1 EFT)
- Improper use of Claim Adjustment Reason Codes (CARCs), Remittance Advice Remark Codes (RARCs), and code combinations
  - Example: Use of CARC 45 (“charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement”) as a default “catch-all” code when there is a more accurate message to send physicians

Recommendations

- Additional operating rules to improve quality of information in ERA
  - Provide guidance on use of Alert RARCs for specific scenarios (e.g., reversals)
  - Prohibit use of “dummy” codes to force ERA balancing
  - Expand CARC/RARC compliance to include not just use of valid codes, but conveyance of accurate message
  - Require health plans to regenerate ERAs upon provider request (i.e., after receipt of noncompliant ERA)
- Increased compliance enforcement is essential
  - Providers fearful to “bite the hand that feeds” and report noncompliance issues
  - Practices may not reject noncompliant ERA because they need the funds
  - Assurance of ERA quality will encourage increased provider adoption

Automated Clearing House EFT (ACH EFT): Provider Benefits

- Reduced time spent on manual processes (e.g. opening envelopes, internally processing checks, taking checks to bank)
  - Frees up resources for patient care
- Reduced risk of fraud
- Faster receipt of payments
- Elimination of lost checks/check stubs
- Enhanced reconciliation potential

Current State of ACH-EFT Adoption

- ADA/AMA/MGMA survey showed that **80%** of providers are receiving ACH EFT from at least some health plans
- 2014 CAQH Index reports moderate rate of overall ACH-EFT adoption[1]:
  - 58% for both health plans and providers
- Improved ACH-EFT adoption could save the industry approximately $740 million in currently untapped savings[1]

1. *2014 CAQH Index™ Electronic Administrative Transaction Adoption and Savings Calendar Year 2013*. Available at: http://www.caqh.org/pdf/2014Index.pdf.

Barriers to Physician ACH-EFT Adoption

- Reconciliation with ERA
- Issues with Medicare contractor changes
- Enrollment challenges
- Compliance issues
- Impact of virtual credit cards

ACH-EFT Provider Enrollment Challenges

- ADA/AMA/MGMA survey: **56%** of providers find enrollment process to be burdensome
- Providers must enroll separately with each health plan, and sometimes even with different products for the same health plan
  - CAQH EnrollHub offers multi-plan enrollment, but not all health plans participate
- Current operating rules set a maximum set of information to be collected for EFT enrollment but do not standardize enrollment information, leading to significant variability
- Some health plans require each physician to enroll individually, which burdens group practices and facilities
- Health plan EFT vendors often require additional enrollment, doubling provider work
- Current operating rules do not set maximum processing time for ACH-EFT enrollment requests
  - Providers report that enrollment can take anywhere from 1–5 weeks
  - Delay creates cash flow and budgeting problems for providers

ACH-EFT Compliance Issues

- Reports of health plans requiring providers to use certain banks for ACH-EFT enrollment
- In ADA/AMA/MGMA survey, **44%** of providers reported that they did not enroll in ACH EFT because health plan did not offer it
- Percentage-based fees for “value-added” services
  - **11%** of survey respondents reported paying fees for ACH EFT
  - **29%** of providers paying fees indicated that they were only offered fee-based option when enrolling in EFT

Impact of Virtual Credit Cards (VCCs) on ACH EFT

- VCCs are a nonstandard form of EFT payment competing with ACH EFT
  - Providers subject to percentage-based interchange fees up to 5% for VCCs
  - Additional burden on practices to process VCC payments
- ADA/AMA/MGMA survey results on VCCs
  - **67%** of providers have received payment via VCC
  - **86%** indicated that usage has increased in the past year

VCC Opt-Out Paradigm: Impact on ACH EFT

- **87%** of surveyed providers were first informed of a health plan's VCC usage when they received the first payment (opt-out programs)
- **46%** unaware that they could switch from VCC to another payment method
- **84%** of providers reported receiving no clear instructions on how to switch to another payment method
- Lack of choice and information about alternative payment methods with VCC payments hinders ACH-EFT adoption

Recommendations

- Additional ACH-EFT operating rules
  - Standardize enrollment information
  - Set time limit for ACH-EFT enrollment processing
  - Prohibit multiple enrollment processes if health plans use vendors
- Address compliance issues
  - Issue guidance on fees assessed for ACH-EFT payments
- Create parameters around VCC usage
  - Require VCC programs to be opt-in
  - Require clear instructions on switching from VCCs to other payment methods
- Apply notion of interoperability more broadly to include administrative transactions, not just clinical information

Questions?

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Appendix: Provider Survey Details

- Informal Web survey
- Conducted/disseminated by ADA, AMA, and MGMA
- Open 4/8/15–5/8/15
- 1,140 participants
- Wide geographic distribution of respondents
- Majority of respondents (78%) were in solo or single-specialty medical practices