



*Partnering for Electronic Delivery
of Information in Healthcare*

**Statement To
DEPARTMENT OF HEALTH AND HUMAN SERVICES
NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS
SUBCOMMITTEE ON STANDARDS
Review Committee**

Panel 7 – Health Care Payment, Remittance Advice and Electronic Funds Transfer

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Members of the Review Committee, I am Jean Narcisi, the Chair of the Workgroup for Electronic Data Interchange (WEDI) Board of Directors and Director of Dental Informatics at the American Dental Association. I would like to thank you for the opportunity to present testimony today on behalf of WEDI concerning the adopted standards, code sets, identifiers and operating rules related to remittance advice (835) and electronic funds transfer (EFT).

WEDI represents a broad industry perspective of providers, clearinghouses, payers, vendors and other organizations in the public and private sectors that partner together to collaborate on industry issues. WEDI is named as an advisor to the Secretary of Health and Human Services (HHS) under the Health Insurance Portability and Accountability Act (HIPAA) regulation and we take an objective approach to resolving issues.

COMMENTS ON EFT/ERA STANDARDS, TRANSACTIONS AND OPERATING RULES

To support our testimony, WEDI conducted a national survey of health plans and clearinghouses that was previously summarized in prior panel testimony. Based on findings from the survey and from the multi-stakeholder input received from our Board of Directors Executive Committee, WEDI makes the following observations and recommendations:

SUMMARY OF SURVEY FINDINGS

Feedback from health plans and clearinghouses suggests that EFT transactions and operating rules are delivering a high value and achieving the intended benefits with low barriers of entry, while ERAs still hold room for improvement. Given the existing use and ROI of EFTs, opportunities for improvement primarily lie around ERAs, such as expanding the granularity of coding and data, accelerating the enrollment process for providers and more consistent use of CARC/RARC.

VOLUME

EFT and ERA standards, transactions and operating rules are widely used. Survey respondents perceived that health plans use EFT operating rules to varying degrees, with 38 percent of

respondents reporting significant usage, 31 percent reporting moderate usage and 9 percent reporting slight usage. Similarly, usage of ERA operating rules was perceived by 50 percent of respondents as significantly used, 31 percent as moderately used and 6 percent as slightly used. Unlike other transactions measured in the survey, there is significantly lower variability in the usage of EFT and ERA transactions and operating rules. For EFTs, 6 percent of respondents report extreme variability, 8 percent report moderate variability and 33 percent report slight variability, while for ERAs, 6 percent report extreme variability, 17 percent report moderate variability and 44 percent report slight variability.

VALUE

EFT and ERA transactions and operating rules are generally providing benefit and meeting industry needs. Among the transactions measured by the survey, the highest percentage of respondents find value in the EFT standard. EFT transactions are reported to be meeting industry needs by 94 percent of respondents, and 91 percent believe that the transaction and corresponding standards, code sets and identifiers are achieving their intended benefits. ERA transactions are reported to be meeting industry needs by 78 percent of respondents, and 83 percent believe that the transaction and corresponding standards, code sets and identifiers are achieving their intended benefits. While EFT transactions are generally not found to be as difficult to adopt and expand usage, survey respondents have greater levels of moderate to extreme difficulty doing so with ERAs – in part, perhaps, due to the lack of standardized content and coding. More than 70 percent of respondents believe EFT and ERA operating rules are meeting industry needs and achieving intended benefits.

Some of the WEDI Board members representing providers indicated that the EFT and ERA transactions are often not balancing with the payments. In addition, the provider adjustment segment is in some instances becoming a “catch all”. This could also be an issue with practice management software vendors, as the information in the segment must be taken into consideration for auto-posting of payments to patient accounts.

BARRIERS AND OPPORTUNITIES

While we understand the need and desire to move the industry forward with the adoption of standards, operating rules, code sets and transactions, we urge more consideration on the total cumulative impact of changes. In addition, based on a letter WEDI sent to the Secretary in 2012 on “Lessons Learned for 5010 Implementation,” pilot testing of standards should occur before adoption and before final implementation.

Data must be more consistently available, accurate and complete in order to achieve the greatest benefits and address industry needs. Data could be more comprehensive by increasing the specificity and detail of professional claims data content to be at a line-level rather than claim-level. While some respondents suggested standardizing CARC and RARC codes because there is inconsistent use of them, others noted that greater focus be also given to Medicaid to ensure consistent use of CARCs and RARCs across health plans. Additional support was suggested for corrections and reversals.

Transactions and acknowledgments must be better automated. Survey results suggest that significant cost savings could be achieved if manual processes are reduced from ERA transactions. Some survey respondents suggested an electronic response/inquiry mechanism for exceptions. As I mentioned in my previous testimony, based on a letter WEDI sent to the Secretary in 2012 on “Lessons Learned for 5010 Implementation,” CMS should encourage the consistent use of Acknowledgement transactions. Furthermore, WEDI strongly urges HHS to consider mandating use of acknowledgement transactions in order to provide a trail that can be used to more easily triage these challenges in future implementations.

Further evaluate the process for return on investment (ROI) and implementation cost analysis to ensure these estimates are realistic and based on quantitative evidence.

Evaluating the ROI and cost of implementation are crucial to determining the true impact and benefit

of adopting future standards. As was the case with ASC X12 4010 and ASC X12 5010, the total cost of implementation and reaching full deployment far exceeded the initial cost estimates. WEDI believes that these analyses must be thoughtful and realistic. While a determination may be made that although costs do outweigh the ROI, a decision may still be made to proceed, but the industry as a whole or those stakeholders with projected higher costs will be better prepared to manage the costs of the implementation.

We urge HHS to study these critical metrics further and to conduct statistically valid surveys in order to fully analyze these costs prior to the adoption of standards and to engage private industry in gathering implications. WEDI offers to work with CMS to mobilize our members to provide ROI data.

CONCLUSION

In recognition of the value of the electronic transactions, operating rules, standards and code sets discussed in today's testimony, we would urge the Subcommittee to strongly consider the items noted above. Thank you for the opportunity to testify; WEDI offers our continuing support to the Secretary and the healthcare industry.