



**Administrative Simplification Under the  
*Patient Protection and Affordable Care Act:*  
State of Development and Implementation of Operating Rules**

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## **STATE OF DEVELOPMENT AND IMPLEMENTATION OF OPERATING RULES**

### ***A Payments Network Perspective***

#### **Introduction**

NACHA – The Electronic Payments Association is pleased to submit this written testimony to the National Committee on Vital and Health Statistics (NCVHS) Subcommittee on Standards as it reviews the development and implementation of Operating Rules. As requested, NACHA is providing information on how NACHA is working with the Council for Affordable Quality Healthcare Committee on Operating Rules for Information Exchange (CAQH CORE), NACHA's Regional Payments Associations (RPAs) and other healthcare associations to educate the healthcare industry and assist in the implementation of the Operating Rules for Electronic Funds Transfer (EFT) and Electronic Remittance Advice (ERA).

NACHA is the not-for-profit association responsible for the administration and enforcement of the operating rules for the ACH Network – the *NACHA Operating Rules*. These *Rules* support electronic payment services and standards in the areas of payroll, bill payment, business-to-business payments, and international payments. We represent and bring together over 10,000 member financial institutions of all sizes and types throughout the United States, both directly and through our 17 Regional Payments Associations. NACHA also served to offer support to CAQH during its initial development phase of the CORE operating rules.

#### **State of Development and Implementation of Operating Rules**

NACHA was identified by NCVHS to work in collaboration with CAQH CORE as candidate authoring entities on the development of the EFT & ERA healthcare operating rules. NACHA worked closely with CORE to develop the EFT & ERA operating rules and continues to work with them to educate the healthcare industry participants on the features and benefits of implement the operating rules. NACHA actively participates in the CORE Town Halls, educational webinars, and presents at many healthcare conferences on the EFT & ERA operating rules and healthcare EFT standards.

### ***Changes to the NACHA Operating Rules to Support Healthcare***

NACHA's voting members approved changes to the *NACHA Operating Rules* to better support the healthcare EFT standard, healthcare payment processing and delivery of the TRN Reassociation Trace Number. These changes will be implemented by September 20, 2013. The new *Rules* allow for identification of the healthcare EFT standard transactions, standardize the identification of a health plan to make it easier for the providers to recognize the health plan sending the payment, require financial institutions to have a secure electronic delivery option available to deliver the TRN Reassociation Trace Number to the provider, if it is requested, and formatting changes that reinforce provisions of the healthcare EFT standard including the TRN Reassociation Trace number as defined by the ASC X12 835 TR3 version 5010 report.

Financial institutions, the ACH Operators, and financial services technology vendors are working diligently to implement the *NACHA Operating Rules* changes to better support the healthcare industry by being able to appropriately identify the healthcare CCD+Addenda transactions and to deliver the TRN Reassociation Trace Number to the providers, if it is requested. Through our work with these organizations, NACHA believes that the financial services will be ready to support their healthcare customers' use of the healthcare EFT standard and the EFT and ERA operating rules by January 1, 2014.

### ***Educating Financial Institutions on Healthcare Operating Rules and Standards***

Additionally, NACHA and our 17 Regional Payment Associations (RPA) are working to educate the financial services industry on the healthcare EFT & ERA operating rules, healthcare EFT standard, changes to the *NACHA Operating Rules* made to support healthcare, and ways that financial institutions can help their healthcare provider customers improve their back office processing through automation, risk management, and electronic payment processing. NACHA developed train-the-trainer materials for our regional association members, who will in turn train financial institution staff on how to assist providers in implementing the healthcare EFT standards and automation of back office functions.

### **Additional Resources**

NACHA has developed a variety of resources to assist the healthcare and financial services industries in understanding the healthcare operating rules and the healthcare EFT standard. Some of the key resources are:

- Healthcare Payments Resource website that contains separate sections for health plans, healthcare providers, and financial institutions. Each section contains information pertinent to the audience on the operating rules and standards, features and benefits, challenges and opportunities, publications, links to the CAQH CORE EFT & ERA Operating rules, and other resources. There is an additional section specific to the healthcare EFT standard which includes Frequently Asked Questions on the CCD+Addenda format and *Rules* along with a link to the NACHA publication, the Healthcare EFT Standard Implementation Guide. <https://healthcare.nacha.org/>
- NACHA developed several publications to assist both the healthcare and financial services industries understand the ACH Network, complexities of the healthcare industry and the Healthcare EFT Standard.
  - ACH Primer for Healthcare – provides an overview of the ACH Network, healthcare EFT standards, reassociation trace number, providers rights under the *NACHA Operating Rules*, and suggestions for working with their financial institutions
  - Healthcare Payments Resource Guide – developed to give the financial services industry a basic understanding of the complexities of the healthcare industry
  - Healthcare EFT Standard Implementation Guide – contains the rules, formats and guidelines necessary to implement the ACH CCD+Addenda
- Communication plan directed to providers on the benefits of EFT via ACH and understanding the healthcare EFT & ERA operating rules

### **Healthcare Industry Outreach**

NACHA is working with other healthcare organizations to develop educational materials on the benefits of using the healthcare EFT standard and the EFT & ERA operating rules:

- WEDI
  - As a member of WEDI NACHA staff participates on the EFT & ERA Work Groups developing education materials on the EFT & ERA operating rules and healthcare EFT standard
- American Medical Association (AMA)
  - NACHA staff worked closely with the AMA on the development of their EFT Toolkit
  - Previously presented a webinar on the benefits of EFT, with 2 new webinars scheduled for 2013
  - Provides quarterly articles for AMA publications and PM Alerts
- X12
  - Reaching out to X12 leadership on standards questions for the TRN Reassociation Trace Number

### **Conclusion**

NACHA continues to work closely with CORE on the education of both the healthcare and financial services industries on the implementation of the healthcare EFT standard, the EFT & ERA healthcare operating rules and the NACHA Operating Rules.. As with all changes, some organizations adapt to change better than others; the operating rules were developed to assist in the implementation of the HIPAA standards and seem to be achieving their designated purpose. NACHA looks forward to continuing to work with the healthcare industry to implement the healthcare EFT & ERA operating rules and the healthcare EFT standard.