



**American Hospital  
Association**

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March 7, 2012

Marilyn Tavenner  
Acting Administrator  
Centers for Medicare & Medicaid Services  
Hubert H. Humphrey Building  
200 Independence Avenue, S.W.  
Room 445-G  
Washington, DC 20201

**Re: *CMS Administrative Simplification: Adoption of Standards for Health Care Electronic Funds Transfers (EFTs) and Remittance Advice; File Code CMS-0024-IFC***

Dear Ms. Tavenner:

On behalf of our more than 5,000 member hospitals, health systems and other health care organizations, and our 42,000 individual members, the American Hospital Association (AHA) is pleased to comment on the interim final rule with comment period (IFC) concerning federal *Adoption of Standards for Health Care Electronic Funds Transfers (EFT) and Remittance Advice*, as published in the January 10 *Federal Register*.

**The AHA supports adoption of the EFT health care standards as another important step toward greater administrative simplification.** The IFC provides an overview of the EFT process and lays the ground work for introducing greater consistency in the preparation of the EFT.

The rule has four major requirements:

- *NACHA- The Electronic Payments Association's* (formerly the National Automated Clearing House Association) *Operating Rules* are adopted as a HIPAA standard helping to provide a consistent basis for the preparation, handling and exchange of the EFT.
- NACHA CCD+ Addenda – the NACHA Cash Concentration/Disbursement (CCD) format that utilizes an “Addenda Record” – is used as the standard to transmit EFT instructions about health care payment.
- Health plans and banking institutions are required to utilize and include the transaction reassociation number (TRN) Trace Number coming from the 835 Remittance standard within the EFT's CCD+ section. This will help providers to reassociate the EFT (payment) to the subsequent receipt of the electronic remittance advice (ERA) coming from the health plan.



- Banks are required to use the NACHA CCD+ standard for the exchange of health care payment and will be viewed as a “clearinghouse.” This imposes a HIPAA compliance requirement for the banking institution.

## **NEW REQUIREMENTS**

Today providers find it difficult to reconcile the electronic transfer of funds and the subsequent receipt of the remittance detail from a payer. This happens when the tracking number that is included in the EFT instruction does not match the trace number segment of the ERA. This rule addresses that weakness and establishes a standard that must be followed by health plans and banking institutions. Consequently, adoption of this standard will allow providers to better reassociate the payment with the subsequent remittance advice details.

**The AHA supports the IFC calling for the EFT to utilize the NACHA CCD+ format.** The Addenda record allows up to 80 characters of remittance or additional payment information to be included with the EFT. In this case, it will contain the uniquely assigned TRN from the corresponding remittance advice transaction.

**The AHA agrees with the interpretation that a banking institution handling this new HIPAA EFT standard, as it originates from the health plan, cannot alter this number and that the bank will now be viewed as a clearinghouse handling a HIPAA transaction standard.** Consequently, the tracking number assigned to the remittance advice by the health plan must also appear on the EFT. Therefore, both the health plan and bank must follow this HIPAA EFT standard, which calls for the TRN from the ERA to be reported in the CCD+. Failure to do so would become a HIPAA violation that could result in monetary penalties. We do not believe this will impose an undue burden for the health plans or banks since both can readily meet these requirements. The benefits for providers are tremendous and it should increase the number of providers willing to take EFT as the preferred method of receiving payment. It also will alleviate much of the provider confusion associated with the matching of the payment to the remittance advice detail. For health plans, it will remove the administrative hassle of having to respond to provider inquiries to ascertain which EFT pertains to the ERA.

## **OPERATING RULES**

The IFC noted that the *NACHA Operating Rules and Guidance* should not be considered as the same type of “operating rules” called for under the *Patient Protection and Affordable Care Act* (ACA). The development of operating rules for EFT and ERA has been completed by the Council for Affordable Quality Healthcare’s Committee on Operating Rules for Information Exchange (CAQH’s CORE). The IFC mentioned that a future rulemaking notice will be issued calling for the adoption of operating rules to go along with the EFT and ERA transaction standards.

**The AHA urges the Department of Health and Human Services (HHS) to promptly release an interim final rule with comment for the EFT and ERA operating rules as put forward by CORE.** The CORE operating rules would further improve the efficiency and effectiveness of the EFT process by establishing a common provider enrollment form for requesting an EFT

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setup with health plans. The CORE operating rules also would improve the understanding and utilization of claim and remittance adjustment codes as utilized by health plans in the remittance standard and would facilitate greater provider understanding of how the payment adjustments were applied.

**To avoid possible disruptions we encourage HHS to assign CORE to work with NACHA to develop a predictable process for handling any new version of CCD+ releases.** The IFC did not discuss the handling of versioning of the NACHA CCD+ standard and how to handle versioning of new releases of the CCD+. It is our understanding that new releases are routinely issued and that banking institutions could be on different versions of the CCD+.

The AHA supports the decision to adopt NACHA's CCD+ as a HIPAA standard for EFT use and would urge prompt publication of another IFC that calls for the adoption of "operating rules" associated with EFT and ERA as developed by CORE.

Thank you for the opportunity to comment, if you have any additional questions or concerns about our comments, please contact George Arges at (312) 422-3398 or [garges@aha.org](mailto:garges@aha.org).

Sincerely

Rick Pollack  
Executive Vice President