



**American Hospital
Association**

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October 3, 2012

Submitted Electronically

Marilyn Tavenner
Acting Administrator
Centers for Medicare & Medicaid Services
Attention: CMS-0028-IFC
P.O. Box 8013
Baltimore, MD 212448013

Re: CMS-0028-IFC Administrative Simplification: Adoption of Operating Rules for Health Care Electronic Funds Transfers (EFT) and Electronic Remittance Advice (ERA) (RIN 0938-AR01)

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) appreciates the opportunity to comment on the Center for Medicare & Medicaid Services' (CMS) interim final rule with comment concerning the *Adoption of Operating Rules for Health Care Electronic Funds Transfers (EFTs) and Electronic Remittance Advice (ERA) Transactions* contained in the *Patient Protection and Affordability Act (ACA)*.

The AHA is pleased that CMS has called for the adoption of operating rules authored by the Committee on Operating Rules for Information Exchange (CORE). We support the adoption of the complete set of CORE's operating rules, including rules regarding the use of acknowledgements. **We urge CMS to quickly propose adoption of a standard acknowledgement transaction as part of the set of *Health Insurance Portability and Accountability Act (HIPAA) transaction standards* to clear the way for total adoption of CORE's operating rules.**

The AHA agrees with CMS's recognition of the interdependence of the EFT and the ERA and their importance in reducing the cumbersome routines required of providers. These operating rules will help hospitals achieve savings by establishing consistent data collection routines, and establishing EFT instructions; thus, they will enable health plans to quickly establish EFT relationships with providers and their banks. Most importantly, the operating rules will alleviate the "reassociation" problem of matching the EFT to the related ERA, especially when these distinct transactions are submitted on different dates and take different paths in getting to the provider. Successful reassociation requires the use of the trace number segment (TRN) on both the EFT and ERA, along with several other related data elements. Overcoming the reassociation problem is a very positive step and will further drive economies of scale as more providers find that they can confidently rely on automation to match the ERA to the EFT. **We urge CMS to take the lead in providing educational and instructional materials that clarify the correct use of the reassociation data reported on both the EFT and ERA.** CORE and others can help in the development of these materials.



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The AHA also supports the proposed establishment of consistent definitions through the use of the CORE operating rules when health plans use claim adjustment reason codes (CARC) as well as remittance advice remark codes (RARC). CARC and RARC codes delineate the adjustments that have been applied to a particular payment of a claim or an overall payment adjustment. The lack of consistency by health plans in using these code lists has resulted in provider confusion. However, the CORE operating rules would provide greater clarity in the definition of these codes and seek to identify which code combinations are acceptable when both a CARC and RARC code are needed. These rules would make it easier for a provider to understand the adjustments made to the claim as well as other payment offsets. This added clarity would help providers understand the adjustments prior to posting the payment to their accounts receivables. Creating rules on CARC and RARC codes also make it clearer for patients when comparing their explanation of benefits statement to the amount indicated in a hospital's patient billing statement.

The rule also includes recommendations on how CORE should manage future development, review and updating of operating rules. **The AHA agrees that development of operating rules should be open and engage relevant stakeholders.** To that end, the AHA supports the proposed revised CORE governance model that incorporates a balanced approach to actively engage the provider and health plan community on an equal footing. We also recognize the importance of following a predictable and reliable schedule for managing future changes to the operating rules; however, we believe there should be a distinction that differentiates technical or clarifying changes separate and apart from the introduction of major new operating rules. **Major new rules or substantial revisions should go through the public notice and comment process, currently required; however, technical corrections, clarifying changes or updates should be fast tracked.** For example, the addition of new codes such as those found in the CARC or RARC lists need not follow an elaborate process but rather a simple code maintenance cycle that would allow users a short but reasonable time to incorporate new codes or changes to existing codes.

Finally, the rule states that protected health information (PHI) must not be included in the EFT transaction. However, greater guidance is needed, particularly for financial institutions, to address existing commonplace financial instruments such as ATMs, debit/credit cards issued for financing health care services, or other banking transaction instruments that provide more detailed remittance information. **The AHA urges HHS to address the PHI issue as it pertains to commonplace financial instruments as well as emerging applications found in mobile devices.**

Thank you for the opportunity to comment. The AHA supports the CORE operating rules for ERA and EFT; we view this as an important step forward to advance administrative simplification and burden reduction. Should you have any additional questions, please contact George Arges, AHA senior director, at (312) 422-3398 or by email at garges@aha.org.

Sincerely,

/s/

Linda E. Fishman
Senior Vice President
Policy Analysis and Development