



HATA ERA EFT Talking Points

Industry Call to Action: COMMIT to 100% ERA EFT Adoption

HATA ERA/EFT Campaign

Healthcare Administrative Technology Association (HATA) is a strong supporter of administrative simplification and Industry efforts to streamline the claims revenue cycle. HATA is a professional association that represents PMS and other administrative revenue cycle systems. Practice management systems (PMS) and other provider administrative systems are front and center in the administrative simplification debate that has occurred over the past ten years.

HATA Issued an Industry Call to action (March 31, 2015) to COMMIT to 100% ERA EFT Adoption. In response, these talking points are part of tool kit created through a joint initiative of industry partners to raise industry awareness of the increased efficiencies available with complete adoption of and automation of the ERA/EFT transactions by all stakeholders to achieve automated end to end workflow processing.

HATA leadership, through the HATA ERA EFT Campaign, is encouraged to promote the benefits of using ERA to PMS vendors and their customers. Following are talking points created in response to the HATA Call to Action and are part of tool kit created through a joint initiative of industry partners to raise industry awareness of the increased efficiencies by a joint multi-stakeholder workgroup. Access the ERA/EFT tool kit within the [HATA ERA EFT Resource Center](#) to obtain additional HATA and industry resources including the HATA “Promoting administrative simplification through ERA/EFT Adoption white paper” and the “Back to the Future—ERA EFT Future Automation, Realized Today!” webinar.

If you have been asked to speak on this topic, either through an interview, presentation or other venue, please mention the HATA ERA EFT Campaign and reach out to Tim McMullen at tim@hata-assn.org with the specifics, so HATA can promote the event and provide template slides, as needed.

Special Thanks to the following companies and organizations who participated in the HATA ERA EFT Industry “Call to Action.” Without their help, these resources would not be available: *Aetna; American Medical Association (AMA); Blue Cross Blue Shield Association; Cooperative Exchange – The National Clearinghouse Association; Council for Affordable Quality Healthcare (CAQH); e-MDs (HATA Member); Federal Reserve Bank – Atlanta; HealthPac (HATA Member); Humana; InMediata (HATA Member); Joppari Solutions; Medical Group Management Association (MGMA); Medinformatix (HATA Member); NACHA – The Electronic Payments Association ; NextGen Healthcare (HATA Member); PNC Bank; SwervePay; United Healthcare; Workgroup for Electronic Data Interchange (WEDI); ZirMed.*

PROVIDER BENEFITS OF USING ELECTRONIC REMITTANCE ADVICES (ERAS)

These talking points will assist in the conversation that highlights the replacement of current manual processes with the following value drivers to assist providers in choosing to receive ERAs that include:

- a) **IMPROVED A/R Efficiencies** through automated processes;
- b) **EASY, posting and reconciliation** of the electronic remittance advice (ERA);
- c) **AUTOMATED Denial management** that provides time and cost savings;

Providers are encouraged to adopt electronic remittance advices and incorporate them within their automated workflows. Providers currently receiving paper explanation of benefits from some or all of their payers are able to replace the associated manual processes, including opening the mail and automated posting, with the following benefits when choosing to receive ERAs:

1. **IMPROVED A/R Efficiencies:** By receiving electronic remittance advices (ERAs) electronically, providers can use electronic denial management tools that dramatically improve payment recovery.
 - The VHA found a 71 percent reduction in the *time between when a claim was submitted and when the payment was received, from 49 days down to 14 days* ([EPayment Cures for Healthcare](#)) presentation, Barbara C. Mayerick. Department of Veterans Affairs, April 26, 2010, and “Comments from VHA Health Care As Health Care Provider,” testimony by Barbary Mayerick for NCVHS December 3, 2010 hearing).
 - A large health system found that use of EFT & ERA significantly reduced staffing expenses incurred in applying payment to billing systems, and provided a better understanding of the root causes of denied payments. (March 9, 2012 letter from the University of Pittsburgh Medical Center (UPMC), submitted to HHS as public comment on the health care EFT standards IFC.)
2. **EASY Posting and reconciliation:** ERA provides opportunity to automatically post and reconcile claim payments in accounting system.
 - According to the Medical Group Management Association (MGMA), there is evidence that when the EFT and ERA are sent instead of paper checks and paper remittance advice, *payment posting time has gone from six to seven hours per day to 3 to 4.* (March 12, 2012 letter from the MGMA to Secretary Sebelius as public comment on the health care EFT standards IFC.)
3. **AUTOMATED Denial management:** Because of ACA requirements on health plans, providers can now use ACA-mandated categorization/classification reason and remark codes (CARC/RARCs) to provide the reason for a denial in an ERAs to centralize and standardize the account receivable workflow of denial management.
 - One major hospital system went from “managing payers to managing the root causes of what our denials actually were” and saw:
 - A 7 day decrease in days in accounts receivable,
 - 26% decrease in registration/insurance denials,
 - 32% decrease in medical documentation denials,
 - and a 50% decrease in the cost of write offs within 3 months. (See “Streamlining Collections and Reducing Costs using CAQH CORE 360 Rule: A Provider’s Experience Featuring Emory Health,” January 22, 2015 CAQH CORE Webinar” ([PPT](#) or [audiocast](#) recording.)

Accepting ERA has helped hospitals and physicians AVOID:

- Unnecessary manual follow-up with plans;
- Faulty electronic secondary billing;
- Inappropriate write-offs of billable charges;
- Incorrect billing patients for co-pays and deductibles; and
- Posting delays.

PROVIDER BENEFITS OF USING ELECTRONIC FUNDS TRANSFER (EFT)

These talking points will assist in the conversation that highlights the value drivers to assist providers in choosing to receive payments through EFT that include:

- a) **EASY, automatic payments** from providers and payers;
- b) **EASY, reconciliation** of the electronic remittance advice (ERA) and EFT;
- c) **SMART, cost-effective choice** that provides time and cost savings;
- d) **IMPROVED A/R efficiencies** through automated processes that provide for easier forecasting; and,
- e) **HEIGHTENED Safety and security** through direct payments from the sender to the bank.

1. EASY, Automatic Payments

Receiving healthcare EFT payments via ACH is as quick and easy as receiving Direct Deposit.

- Once you sign up for EFT payments via ACH, your payments are deposited into your bank account automatically and are available to you on the day of deposit.
- Switching from paper checks to EFT payments should be as simple as enrolling in Direct Deposit.
 - You only have to enroll once with a health plan or other payer. Once you are enrolled, payments are automatically transferred directly into your bank account.
 - Simply contact your health plans and other payers to sign up.
 - To maximize the benefits of receiving healthcare payments via ACH, start with your high-volume health plans and other payers to significantly improve cash flow and reduce manual processing.
 - Explore opportunities to enroll with multiple payers at one time with the free CAQH enrollment tool and/or [Electronic Payments and Statements](#) solution.
- At your request, health plans and other payers **MUST** deliver your claims reimbursement payments directly into your bank account using the EFT standard, ACH CCD+ with Addenda Record. The ACH CCD+ with Addenda Record (CCD+) is the healthcare EFT standard and a HIPAA standard transaction. You have the right, under HIPAA 45 CFR 162.295, to request a health plan or other payer to send an EFT payment directly into your bank account through the delivery of the ACH CCD+ with Addenda Record (CCD+) to your bank.

2. EASY Reconciliation

- At your request, health plans and other payers must send you an electronic remittance advice (ERA) that explains how your claim was paid. Some payers require you to sign up to receive ERAs when you sign up for EFT to allow for maximum efficiency.
- The ERA contains a TRN Reassociation Trace Number that is also contained on the ACH CCD+ Addenda Payment Related Information Record received by the bank for matching purposes.
- At your request, your bank can and is required to provide you with the ACH CCD+ Addendum Payment Related Information through a secure electronic delivery option. They may offer other options, including email, fax or mail, but must have one secure electronic option available.
- If a provider is working with a cash management or treasury management officer, they can request the delivery of the ACH Payment Related Information from a cash management or treasury management officer or talk to the customer service staff at the branch.

3. SMART, Cost-Effective Choice

Healthcare EFT payments via ACH are the healthcare industry's standard, providing a smart, cost-effective choice for providers.

- Only the healthcare EFT standard – the ACH CCD+ – offers providers the ability to automatically reassociate remittance information with the payment, offering time and cost-savings.
- The 2014 CAQH Index states a provider can save \$3.04 per payment by switching from check to ACH and \$7.21 using EFT via ACH and ERA.

- EFT allows providers to remain within their workflow, when automated ERA, EFT matching is utilized. This reduces or eliminates the need to accept virtual credit cards, which require manual processing and higher than normal merchant account transaction fees could be applied to the provider.

IMPROVED A/R efficiencies

Healthcare EFT payments via ACH expedite funds availability and streamline accounting and administrative processes.

- Getting paid electronically means your cash flow is more consistent and easier to forecast.
 - EFT via ACH ensures your funds are available up to 7 days faster than with paper checks.¹
- Effective January 1, 2014, Medicare began reimbursing all providers via ACH. Implementing standard EFT payments across the board could create accounts receivable consistencies and efficiencies in business practices.
- Healthcare EFT via ACH offers the convenience and time savings of automated receivables, reducing the time spent making phone calls to health insurers and trips to the bank to deposit checks.
- Using healthcare EFT via ACH could lead to straight-through processing by automatically matching payments to remittance advice and updating patient accounts.

4. HEIGHTENED Safety and Security

Healthcare EFT payments via ACH give providers a safe and secure, direct payment option.

- Transactions are safe and confidential since money is transferred directly between accounts, which reduce fraud and the risk of identity theft.
- According to the 2013 Association of Financial Professionals Payments Fraud and Control Survey, checks are the main payment form targeted by fraudsters. Nine out of ten organizations that experienced actual or attempted payments fraud in 2012 were victims of check fraud.
- Electronic transactions never get lost. Problems with electronic transactions, which are rare, are quickly resolved.
 - Electronic transactions reduce the need to store paper checks, essentially eliminating the probability of lost or stolen checks.
- Checks continue to be the dominant payment form targeted by fraudsters, with 87 percent of affected organizations reporting check fraud attempts, according to the 2013 AFP Payments Fraud and Control Survey, conducted by the Association for Financial Professionals (AFP). The survey states that replacing all checks with electronic funds transfers is the single best way to combat fraud.

¹ <http://www.ama-assn.org/resources/doc/psa/x-ama/eft-questions.pdf>