OPTUM™

Industry Changes: Health Care Reform
HIPAA Administrative Simplification

EFT and ERA (835)
Standardizing Electronic Transactions

Background and Key Terms

The Health Insurance Portability and Accountability Act (HIPAA) of 1996, Title II includes legislation related to Administrative Simplification which aims to improve both the efficiency and the effectiveness of the health care system by standardizing requirements for electronic transmission of defined health information. Implementation timelines for the many elements within HIPAA varies, with some already completed and others not due for several more years. Required to implement by January 1, 2014 are operating rules related to the 835 EFT and ERA. Optum will implement needed changes in accordance with these rules in November 2013. **Refer to the table below for information about key areas addressed the associated impact.**

835 File: A data file that can be uploaded to your practice management system. It is used to report adjudicated claims and contains Electronic Remittance Advice (ERA) information. This is sometimes referred to as a HIPAA 835 file.

EFT (Electronic Funds Transfer): The movement of funds by electronic means.

ERA/EPRA (Electronic Remittance Advice or Electronic Provider Remittance Advices): Electronic Remittance Advice or Electronic Provider Remittance Advice Electronic claim processing summary. It is a Word version of the 835 file.

EPS (Electronic Payment and Statements): A solution that integrates electronic funds transfer (EFT) and electronic remittance advice (ERA) with a unique payment number for faster, easier reconciliation.

CARC: Claim Adjustment Reason Code

RARC: Remittance Advice Remark Code

CCD+: Cash Concentration and Disbursement with Addenda Record is the NACHA format selected in the Department of Health and Human Services' Interim Final Rule related to EFT and ERA Administrative Simplification. It supports standardization of electronic transactions used to transfer funds between businesses.

Resources

Provider Express has an Electronic Payments & Statements page with key terms and Frequently Asked Questions.

U.S. Department of Health and Human Services, Health Information Privacy website page includes access to the HIPAA Administrative Simplification Statute and Rules.

United Behavioral Health operating under the brand Optum
U.S. Behavioral Health Plan, California doing business as OptumHealth Behavioral Solutions of California

November 2013

Overview of Electronic Funds Transfer and Remittance Advice Rules

Rule Number	Rule Name	Problem Addressed	Key Impact
350	Health Care Claim Payment/Advice (835) Infrastructure Rule	HIPAA provides a foundation for the electronic exchange of claim payment information but does not provide the infrastructure to promote the move from a paper-based process to an electronic process with systems that work together (i.e., interoperable systems)	Assures connectivity for the exchange of administrative data is supported by all covered entities (providers, health plans, electronic payments, etc.) Health plans must use the Master Companion Guide Template so you can quickly find details necessary for the exchange and auto posting of the v5010 835 supporting effective use of the ERA by providers posting to patient accounts Health plans that issue proprietary paper claim remittance advices must to continue to offer the paper remittance advice for a minimum of 31 days from the implementation of ERA
360	Uniform Use of Claim Adjustment Reason Codes (CARCs) and Remittance Advice Remark Codes (RARCs): 835 Rule	Lack of industry-wide Uniform Use of CARCs and RARCs results in thousands of possible code combinations for review by providers and introduces errors for providers attempting to use automated posting of claim payment adjustments or denials	Begins industry standardization by addressing high-volume ERA coding issues Added efficiency for provider use of ERA data results in improved revenue cycle and cash flow management Providers can obtain payment from patients more efficiently, generate cross-over claims to other payers more effectively and reduce open accounts receivable
370	EFT & ERA Reassociation (CCD+/835) Rule	Data required to reassociate the ERA to the electronic payment deposit may be incorrect, missing or not available. **Note:** Providers will need to work with your financial institution for the delivery of the CCD+ data elements which includes deposit dollar amount, deposit date, trace (EFT check) number and payer TIN	The trace number for the EFT payment and the ERA must match and can be used for reassociation Requires Health Plans to transmit the EFT within 3 days of the transmission of the ERA so providers can more quickly match payments with data and post to patient accounts Providers can obtain payment from patients more efficiently, generate cross-over claims to other payers more effectively and reduce open accounts receivable Health plans must provide written resolution procedures for providers to follow in order to research a late or missing EFT payment or ERA
380	EFT Enrollment Data Rule	Variance in enrollment forms will be eliminated through use of pre-defined terms for data elements and using a master template with standard format	Simplifies enrollment and expedites the process for providers when enrolling with multiple health plans Enables collection of standardized data for complex organizational structures and relationships
382	ERA Enrollment Data Rule	Variance in enrollment forms will be eliminated through use of pre-defined terms for data elements and using a master template with standard format	Simplifies enrollment and expedites the process for providers when enrolling with multiple health plans Enables collection of standardized data for complex organizational structures and relationships

United Behavioral Health operating under the brand Optum
U.S. Behavioral Health Plan, California doing business as OptumHealth Behavioral Solutions of California