NACHA: Healthcare Payments Processing

Executive Summary

- NACHA - the Electronic Payments Association has issued a proposal on the processing of healthcare payments on the Automated Clearing House (ACH) network.

- Specifically, the proposal addresses possible ways regarding how Receiving Depository Institutions (RDFIs) that process healthcare payments would provide payment information to their healthcare provider receivers (e.g., physicians and hospitals) on healthcare electronic funds transfers (EFTs). Currently, NACHA Rules require an RDFI to provide payment information to their healthcare provider receiver upon request but does not specify how the information should be provided. This proposal considers three options for the RDFI to provide this information:

    - **Option 1** - Automatic, electronic delivery of CORE-required Minimum CCD+ Reassociation Data Elements to Healthcare Providers within 2 banking days of settlement (with secure 128-bit RC4 encryption). (This option would require a greater implementation effort for RDFIs.);

    - **Option 2** - Electronic delivery of CORE-required Minimum CCD+ Reassociation Data Elements to Healthcare Providers within 2 banking days of settlement, upon request (with secure 128-bit RC4 encryption); or

    - **Option 3** - Automatic delivery of CORE-required Minimum CCD+ Reassociation Data - Elements to Healthcare Providers within 2 banking days of settlement; no specific manner of delivery prescribed by the Rules.

- CUNA is interested in how this proposal would affect credit unions that currently process or plan to process healthcare payments on the ACH network.

- Healthcare EFTs use the CCD+ entry standard, which supports one addenda record and a limited amount of payment-related data. The EFT travels separately from the Electronic Remittance Advice (ERA), which contains information about processing or filing a claim to the provider; the ERA travels from the health plan to the provider either directly or through a healthcare clearinghouse, while the EFT travels through the ACH Network. The EFT should contain a correct reassociation trace number that associates the EFT to the ERA.

- However, when there is a processing problem, the EFT does not contain a correct reassociation trace number. A healthcare provider would then use the CCD+ reassociation data (effective entry date, amount, and payment related information) from the RDFI to properly reassociate the EFT and ERA.

- Also, NACHA is requesting comment on options for a healthcare indicator that would require Originators to identify healthcare EFTs. The options are either: 1) at the entry level (within the CCD entry detail record); or 2) at the batch level (within the company/batch header record). Both of these options would require RDFIs to make software changes.

- Further, NACHA is requesting comment on the standard description and formatting requirements for healthcare EFTs.

- In January 2012, the Department of Health and Human Services issued an interim final rule that defined the standards for healthcare payments processing and specified that NACHA should develop ACH rules for financial institutions.

- Comments for the proposed rule are due to NACHA by April 27, 2012; **please submit your comments to CUNA by April 13, 2012.**

- For further details, please visit the NACHA request for comment; proposed modifications to the ACH Rules; and the ACH participant survey.

- Please e-mail your comments to Regulatory Counsel Dennis Tsang at dtsang@cuna.com. You may also call (800) 356-9655 extension 6733.

Questions to Consider Regarding the Proposal

1. Does your credit union currently process or plan to process healthcare electronic Funds Transfers (EFTs) that use the CCD+ entries? _____

2. As an RDFI, which of the three options regarding how the RDFI should provide ACH payment information to their healthcare provider receivers (e.g., physicians and hospitals) do you support? _____

3. Which of the two options regarding the healthcare indicator do you support?
   _____

4. Do you have any comments regarding the formatting of CCD+ entries?
   _____

5. Do you have any cost or compliance concerns with healthcare ACH payment processing? _____

6. Any other comments or suggestions?
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