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IMPLEMENTATION AND COMPLIANCE UPDATE #8

Comply with federal EFT operating rules by January 1, 2014:

Electronic Funds Transfer (EFT) Encouraged for Health Care Claims

Intended Audience and Purpose

The purpose of this document is to encourage the use of EFT for reimbursing health care providers and to promote compliance with federal EFT operating rules by January 1, 2014.

Rationale and Benefits of EFT

The federal Centers for Medicare and Medicaid Services (CMS) provides the following description and benefits of EFT:

EFT is similar to other direct deposit operations such as paycheck deposits, and it offers a safe modern alternative to paper checks. Providers who use EFT may notice the following benefits:

- Reduction to the amount of paper in the office
- Valuable time savings for staff and avoidance of hassle associated with going to the bank to deposit a Medicare check
- Elimination of the risk of Medicare paper checks being lost or stolen in the mail
- Faster access to funds; many banks credit direct deposits faster than paper checks
- Easier reconciliation of payments with bank statements

Relevance to Federal and State Policy and Regulations

Medicare

Pursuant to 42 CFR, part 424, section 510, Medicare requires as a condition of receiving payment that providers must agree to receive EFT.

- [42 CFR, part 424, section 510 \(www.ecfr.gov/current/title-42/chapter-IV/subchapter-B/part-424/subpart-P/section-424.510\)](http://www.ecfr.gov/current/title-42/chapter-IV/subchapter-B/part-424/subpart-P/section-424.510)
- [CMS Electronic Funds Transfer \(www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/EFT.html\)](http://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/EFT.html)

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Federal Operating Rules

Pursuant to the federal Accountable Care Act (ACA), the US Department of Health and Human Services (HHS) adopted operating rules for EFT. The rules help providers match and process remittance advices and EFT payments. Compliance with the rules is required by January 1, 2014.

- [CMS Operating Rules EFT and Remittance Advice \(www.cms.gov/priorities/key-initiatives/burden-reduction/administrative-simplification/operating-rules/eft-remittance-advice\)](http://www.cms.gov/priorities/key-initiatives/burden-reduction/administrative-simplification/operating-rules/eft-remittance-advice)
- [CAQH CORE Operating Rules \(www.caqh.org/core/operating-rules\)](http://www.caqh.org/core/operating-rules)

Minnesota Regulations and Best Practices

The Minnesota Department of Health (MDH) administers [Minnesota Statutes, chapter 62J, section 536 \(www.revisor.mn.gov/statutes/cite/62J.536\)](http://www.revisor.mn.gov/statutes/cite/62J.536) and related rules that require the standard, electronic exchange of certain health care business (administrative) transactions. While the statute does not require EFT, MDH does require electronic remittance advices (ERA), and EFT and ERA complement one another to aid providers in auto-posting their accounts and reducing administrative burdens. MDH highly encourages the use of EFT in conjunction with the existing ERA requirements. EFT and ERA must also be compliant with federal operating rules.

In addition, MDH consults on the regulations above with the Minnesota Administrative Uniformity Committee (AUC), a large voluntary stakeholder advisory body. The AUC has adopted the use of EFT as a recommended best practice.

- [Minnesota AUC Best Practice: Electronic Funds Transfer \(www.health.state.mn.us/facilities/ehealth/auc/bestpractices/docs/bppayr1.pdf\)](http://www.health.state.mn.us/facilities/ehealth/auc/bestpractices/docs/bppayr1.pdf)

The Minnesota Department of Human Services (DHS) administers the state's Medical Assistance (Medicaid) program and other publicly funded health care programs. DHS also uses EFT to pay providers and encourages providers to elect that form of payment.

- [DHS Minnesota Health Care Programs Providers: Policies and Procedures \(www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectonMethod=LatestReleased&dDocName=id_017756#\)](http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectonMethod=LatestReleased&dDocName=id_017756#)

Additional Resources and Information

- [Health Care Administrative Simplification \(www.health.state.mn.us/facilities/ehealth/asa\)](http://www.health.state.mn.us/facilities/ehealth/asa)
- [Minnesota Administrative Uniformity Committee \(www.health.state.mn.us/facilities/ehealth/auc\)](http://www.health.state.mn.us/facilities/ehealth/auc)
- [CMS Administrative Simplification \(www.cms.gov/priorities/key-initiatives/burden-reduction/administrative-simplification\)](http://www.cms.gov/priorities/key-initiatives/burden-reduction/administrative-simplification)

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