



July 30, 2021

National Committee on Vital and Health Statistics
Subcommittee on Standards
Via email

Re: Request for Comment on Healthcare Standards Development, Adoption and Implementation

Dear NCVHS Members,

Nacha appreciates this opportunity to comment on Healthcare Standards Development, Adoption and Implementation. We appreciate the work of HHS, NCVHS, and the entire industry in the movement toward electronic transactions and administrative simplification.

Nacha fully supports the NCVHS goal of understanding the extent to which current and emerging standards for exchanging electronic health-related data under Health Insurance Portability and Accountability Act (HIPAA) and other applicable federal legislation and regulatory processes are meeting the business needs of the health care system.

While we offer these comments in good faith, Nacha and other stakeholders remain frustrated that many previous recommendations on administrative simplification, and the use and enforcement of existing standards, remain un-acted upon.¹

Nacha, the ACH Network, and the Nacha Operating Rules²

Nacha is the financial services industry's governance and administrative organization for the Automated Clearing House (ACH) electronic payments system. Nacha is responsible for the development, adoption, and maintenance of the *Nacha Operating Rules* that govern the use of ACH payments. In addition to the healthcare EFT standard, the ACH Network is commonly used for the Direct Deposit of payroll and benefit payments and tax refunds; recurring and online electronic bill payment; and business-to-business payments. Nacha estimates that in 2021 there will be 29 billion ACH payments, transferring \$72 trillion.

The Healthcare EFT Standard

Since the designation of the Nacha "CCD+Addenda" as the healthcare EFT standard on January 10, 2012, the adoption of this standard transaction by the industry has been robust. Measured by the number of payments, its use has more than doubled since 2014 (the first full year of use after the effective date) to more than 360 million payments in 2020, and transferred approximately \$1.9 trillion in value in 2020. (See chart below.) According to the 2020 CAQH Index³, 68 percent of medical claim payments were made using the standard EFT, although the same CAQH Index shows that only 23 percent of dental claim payments were made using the standard EFT.

¹ For example, see Nacha Comment Letter of December 7, 2018 to NCVHS on Predictability Roadmap at <https://www.nacha.org/sites/default/files/2019-04/NACHA%20Comment%20Letter%20on%20NCVHS%20Predictability%20Roadmap%20Recommendations%20-%20December%207%202018.pdf>

² A comprehensive overview of Nacha, the ACH Network, and Nacha's rulemaking process for the Nacha Operating Rules was given in testimony to the NCVHS Subcommittee on Standards on July 20, 2010 - <https://healthcare.Nacha.org/sites/healthcare.Nacha.org/files/files/20100709%20NACHA%20Testimony%20on%20Operating%20Rules%20NCVHS%20Hearing.pdf>

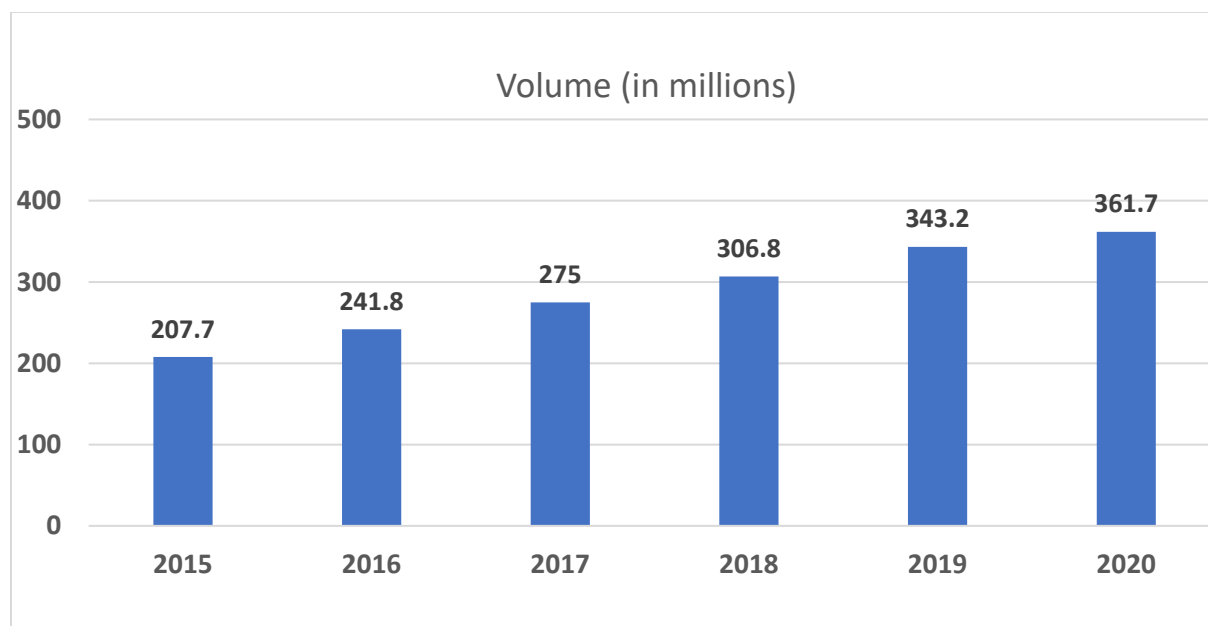
³ See <https://www.caqh.org/sites/default/files/explorations/index/2020-caqh-index.pdf>



The value proposition for greater adoption of EFT is the tremendous cost savings to Providers and Plans. According to the 2020 CAQH Index, even with 68% adoption rate of Medical EFT, there is still an opportunity for Plans to save \$79 million industry-wide by converting to 100% EFT and \$347 million in savings for Providers. On the Dental side, Plans can save \$34 million, and Providers can save approximately \$438 million, with full adoption of EFT for claim payments.

A significant pain point experienced by some providers regards business practices by some payers or their vendors. In many instances, providers have experienced difficulties in enrolling in EFT; that payers or their vendors are charging fees to use the standard transaction; or that they are paid involuntarily by virtual credit cards. Addressing these existing pain points could go a long way toward increasing adoption of the standard EFT transaction.

Chart - Healthcare EFT Standard Transactions (in millions)



Industry Standards for Data and Data Exchange

In 2018, Nacha convened a new financial services industry standards group - Afinis Interoperability Standards. Afinis works to advance standardization of Application Programming Interfaces (APIs) among financial service industry stakeholders. API standardization helps the financial industry achieve objectives such as improved safety and transparency of payments, increased communications speed, and overall efficiency. To date, Afinis has completed twelve standards for payment-related APIs that address common functions among financial institutions and with business customers.⁴

Afinis is a prime example of an industry collaboration that has achieved success in bringing diverse parties together to develop and promote industry standards for data exchange.

⁴ Recent Afinis news with a description of the twelve standard APIs is at <https://www.nacha.org/news/afinis-interoperability-standards-releases-new-apis-help-businesses-cash-management-decisions>.



Enforcement

Nacha would like to reiterate our strong support of a previous recommendations regarding enforcement. In our experience with the governance of electronic payments, clear and consistent enforcement is inherent to compliance with standards, operating rules and other business practices. The knowledge and expectation of scrutiny provides an incentive for compliance. We have direct experience of this with the *Nacha Operating Rules*, in which compliance is achieved via adherence to contracts, a requirement to audit compliance with the Rules annually, and a Nacha-administered enforcement process.

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Nacha appreciates the opportunity to provide comments in response to the Request. If you have any questions regarding our comments, please do not hesitate to contact me at (703) 561-3916 or bsmith@nacha.org.

Sincerely,

Bradley W. Smith, AAP
Senior Director, ACH Network Administration