

# CASE STUDY

SMALL PROVIDER PRACTICE

# PERFORMANCE PEDIATRICS REAPS SAVINGS, EFFICIENCIES FROM NEW HEALTHCARE EFT STANDARD

On Jan. 1, 2014, the new Healthcare Electronic Funds Transfer (EFT) Standard went into effect as part of the Patient Protection and Affordable Care Act. The new standard and operating rules help provide for the efficient and standardized use of electronic payments for healthcare claims reimbursements.

All health plans are now required to be in compliance with the new standard, meaning they must be able to deliver claims reimbursement payments via the ACH CCD+ Addenda. For providers of healthcare services, the new rule means that they may request delivery of claims payments via ACH and health plans will be required to promptly comply.

The new standard offers healthcare providers the opportunity to reduce costs, streamline accounting and administrative processes, and improve operating efficiencies. In the first four months after the standard went into effect—January 2014—more than 35.3 million healthcare EFTs using the new standard took place. The ACH Network is on pace to move at least 100 million EFTs in 2014 alone, transferring about \$500 billion from health plans to providers.

One provider taking advantage of the new standard—and seeing cost savings and efficiency benefits as a result—is Performance Pediatrics in Plymouth, Mass.

**At Performance Pediatrics, more than 1,300 of the 1,500 deposits it received last year were made via EFT.**

## PERFORMANCE PEDIATRICS—EFTs SAVE TIME, MONEY

Started in 2006, Performance Pediatrics is a micropractice. In a micropractice, just one or two medical providers work with little to no support staff. Providers in a micropractice see fewer patients in a day than most doctors and spend more time with each patient.

Performance Pediatrics' primary doctor, Dr. Terence R. McAllister, began his career in the Air Force, where he was sometimes responsible for more than 5,000 patients at a time and had to see them in five-minute appointments. "It was definitely not why he wanted to go into primary pediatric care," said Leann DiDomenico, McAllister's wife and Performance Pediatrics' administrative director. "When he finished, he looked at me and said, 'Can we find a way to do this differently?'"

Today, Performance Pediatrics serves just over 700 patients in its four-person office. The small practice is profitable as long as it maintains low overhead, which DiDomenico works to ensure by leveraging new technologies that boost efficiencies and increase savings.

One way DiDomenico has done that is by switching to electronic payments. At Performance Pediatrics, more than 1,300 of the 1,500 deposits it received last year were made via EFT. Just 9 percent of the practice's payments came in the form of paper checks, and 1 percent came through virtual cards.

Electronic payments not only ensure that Performance Pediatrics receives payments more quickly, but they also cut down on the amount of time spent reconciling accounts, DiDomenico said.



## “EVENTUALLY, WE’LL BE ALL EFT.”

The EFT Standard has helped Performance Pediatrics grow its number of EFT payments substantially over the past few months. As insurance companies prepared for the new standard to go into effect at the beginning of 2014, Performance Pediatrics was able to increase its EFTs from 65 percent of its payments just a year and a half ago to 90 percent today.

The practice is aiming to transition almost entirely to EFTs in the near future. “I can see the light at the end of the tunnel,” DiDomenico said. “Eventually, we’ll be all EFT. It’s just a matter of time.”

DiDomenico’s requests for EFTs have yet to be refused by any insurers, though some were not entirely ready for the January 1 deadline, which has caused delays. Performance Pediatrics has also run into some hurdles with insurers who process things differently than other insurers, which can cause paperwork challenges and automation hiccups with electronic remittance advice, or ERAs.

Additionally, Performance Pediatrics works with a payments clearinghouse to streamline its deposits. When insurers use a clearinghouse as well, waiting for the two different clearinghouses to figure out how to work together can sometimes prove a challenge.

Some providers have expressed concern over virtual card payments, which charge providers an interchange fee of up to 5 percent, plus a transaction charge, for payments processed over the card network. While Performance Pediatrics doesn’t like the fee, the practice currently receives few payments via virtual cards and all of them are for small amounts, so it hasn’t been a major concern to date. “We don’t get enough of those to really push those companies to go to EFT,” DiDomenico said.

Finding the information to make that request is also a challenge. “When I get that virtual card payment in the mail, there’s definitely no number to call,” DiDomenico said. “If anything, there’s a PO Box listed somewhere far from me. So even if I were to write a letter and send it, I would just assume that this company is going to ignore me, this small provider in Massachusetts.”

## LESSONS FOR EFT SUCCESS

For other practices looking to transition to EFT payments, DiDomenico has the following tips:

- Identify where most of your payment volume is coming from and start there. If a practice receives most of its deposits from one insurer—Blue Cross, for example—it makes sense to ask that insurer to switch to EFTs first.
- Partner with expert vendors. Third-party providers can help practices figure out how to transition efficiently and put processes in place that ensure uniform record keeping.
- Document everything. DiDomenico says good records, including detailed contact information for insurance company representatives, are key. “Just because it’s working today doesn’t mean it’s going to be working six months from now.”

## TERMS TO KNOW

**EFT:** Electronic funds transfer. The electronic transfer of money from one account to another.

**ERA:** An electronic remittance advice is sent to a healthcare provider by a patient’s health plan and contains claims reimbursement information for the services the healthcare provider has rendered. ERAs also contain the reassociation trace numbers that make it easy for providers to match the remittance advice with its corresponding payment information.

**ACH CCD+:** The new Healthcare EFT Standard. Under the Affordable Care Act, the ACH CCD+—a corporate payment format—was established as the standard format for healthcare-related electronic funds transfers.

**Virtual card:** A method of payment used by some health plans or their vendors to reimburse providers. The provider is sent a card number in the mail (but not an actual card) to manually enter into its point-of-sale processing system. Typically, providers are charged an interchange fee, plus a transaction fee, with these types of payments.

FOR MORE INFORMATION:  
[HEALTHCARE.NACHA.ORG](http://HEALTHCARE.NACHA.ORG)

