Introduction

Electronic Funds Transfer (EFT) is your safe and low-cost alternative to accepting virtual credit cards (VCCs) or paper checks for claim payments. Some third-party payers are using VCCs as a way to reduce their administrative expenses. Your ADA is against VCCs as they result in a dentist having to pay to get paid, much more so than if the reimbursement is made by EFT.

How much more comes out of a dentist’s pocket? For the VCC there is the merchant fee (usually 2-3%) you incur when you accept any credit card (e.g., patient payment) and a transaction fee (usually $0.10). A $1000.00 claim reimbursement by VCC will cost $20.10 (2% merchant fee + $0.10 transaction fee). The same reimbursement via EFT would cost you $0.34 – a savings to you of nearly $20.

These numbers speak for themselves, which is why EFT is the best way to ensure secure and timely claim payments from dental benefit plans. No high per payment fees, no worry about paper checks being misplaced or lost in the mail. Each EFT uses the automated clearinghouse (ACH) transaction referred to as the “CCD+” that is a named HIPAA standard.

Debunking EFT Myths

Misperceptions are obstacles to EFT implementation. There is one widespread myth that payers can require dentists to accept payment by Virtual Credit Card (VCC). Not so. For the full answer see the federal governments online FAQ: [Virtual Credit Cards (VCCs) and Electronic Funds Transfers (EFT) Guidance Letter (cms.gov)](https://www.cms.gov/files/document/guidance-letter-vcc-eft-era.pdf)

Make It Happen

There is not a single path leading to successful EFT implementation. Every dental practice can determine the way to accept and process standard electronic claim payments that best fits its own business needs. Although these paths may differ, the following multi-part checklist identifies decisions and actions that are common to all.

Part 1 – Complete Your Research

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| # | Check | Action | Why This Will Help You |
|  |  | Watch and listen to ADA EFT online webinar: <https://success.ada.org/en/dental-benefits/electronic-funds-transfer-payments-eft-webinar-exploding-the-myth> | “Electronic Funds Transfer (EFT) Payments – Exploding the Myths” provides background and context for EFT implementation |
|  |  | Read online AMA Electronic Payment Toolkit: <https://www.ama-assn.org/sites/default/files/media-browser/public/psa/eft-toolkit-full.pdf> | Dentists and all other healthcare practitioners face similar EFT implementation challenges – this document is both an EFT implementation primer and roadmap. |
|  |  | Become familiar with EFT enrollment processes by contacting your Practice Management System (PMS) vendor and your dental benefit plan provider relations staff. | Some payers have proprietary enrollment processes and others work with “single source” enrollment processes (e.g., Change Healthcare; Enroll Hub). Implementing EFT via “single source” where possible will reduce your administrative efforts. |

Part 2 – Prepare Your Implementation Plan

| # | Check | Action | Why This Will Help You |
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|  |  | Determine which dental benefit plans you should implement EFT with first to make a less stressful transition from payments by paper check. | Claim payment frequency is a factor to consider. Consider starting with either payers who bring in less volume into your practice to gain experience and build staff confidence. Starting EFT with a high volume payer may overwhelm practice staff and affect cash flow. |
|  |  | Contact your PMS vendor to identify any required software changes, and their associated fees, or other actions that may influence your EFT implementation. | PMS’ past experience with other practice’s EFT implementation experience may help determine best practices to include in your implementation (e.g., EFT enrollment method. If you do not have a maintenance plan in place or do not have current PMS software installed, you may have to pay for an update. |
|  |  | Contact your bank to identify actions needed for it to accept the HIPAA standard ACH payment transaction, and ways to prevent unauthorized ACH debit transactions. | Necessary discussion to identify: a) account to receive EFT deposits; b) transaction fees; c) deposit notification options (e.g., automatic email or “fax”; online look-up only) and level of detail; and d) means to prevent unauthorized withdrawal of reimbursement deposits. |
|  |  | Determine when to begin initial EFT implementation and initiate necessary actions listed in Part 3. | Phased implementation (e.g., dental benefit plan or plans with significant, but not overwhelming, claim payment volume) enables staff to accommodate new payment type without major upset to continuing paper payment processing. |

Part 3 – Implement Your Plan

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| # | Check | Action | Why This Will Help You |
|  |  | Schedule any required PMS software changes and necessary staff training. | The need and scope of this action depends on the information acquired in checklist items #5 and #6 above. PMS vendors (e.g., Dentrix; Eaglesoft) offer practice staff training as well as one-on-one assistance that helps staff understand how to set-up EFT with payers and how to use the PMS software to post and reconcile electronic payments. Contact your PMS vendor representative to schedule staff training. |
|  |  | Complete banking arrangements that enable the practice’s bank to accept, report and protect EFT payments. | Necessary banking arrangements are:   * Specification of business account (existing or new) to receive EFT payments * Decision on how practice staff will receive EFT deposit notification (e.g., “push” from bank via automatic email or fax; “pull” from bank’s customer web site) * Set up of ACH Debit Blocks, Filters, or ACH Positive Pay to prevent unauthorized withdrawal of reimbursement deposits |
|  |  | Enroll with payers to receive EFT instead of paper checks. | Enrollment – whether by via CAQH Enroll Hub, or via Change Healthcare as may be recommended by your PMS, or directly with the payer – requires some lead time (up to 30 days) before first payment by EFT. |
|  |  | Meet with staff to review implementation plan and processes for posting and reconciling EFT payments. | Successful implementation requires staff understanding of the reasons for and steps involved in the new claim payment process. This includes:   * Understanding the bank’s EFT deposit notification’s format and level of detail * How this deposit information matches explanation of benefit (EOB or payment) information provided by the payer either on paper or via the payer’s online provider portal * When to ignore information on the EFT deposit notification that is only relevant when the practice also receives an electronic remittance advice directly from the payer, instead of receiving a paper or online EOB (e.g., reconciliation trace number). |
|  |  | Establish practice administrative workflow to reconcile EFT payments with EOB information on paper or posted online at payers’ provider portals. | Existing workflows for reconciling receivables with payments by paper check will continue for payments via EFT. The notable difference is that there will no longer be a need for practice staff to deposit reimbursement checks. Otherwise:   * Staff will reconcile using EFT payment information pushed (e.g. fax; email) or pulled (e.g., online banking inquiry) from the practice’s bank. * Individual or bulk claim payment information reconciliation, including receivables adjustments as necessary, will mirror the processes in place for payments by paper check. |
|  |  | Establish and implement a periodic review of the EFT process. | Frequent (e.g., weekly) review during the initial implementation ensures that any revealed issues are quickly addressed. The review identifies:   * Successful aspects of adopting EFT * Areas where expected results have not been achieved * Remedial action that is needed |

Part 4 – Additional EFT Implementations

The first phase of your EFT implementation, #s 1 through 12 on this checklist, is the foundation for expansion. This initial EFT implementation experience will help determine when to best extend this payment mechanism to other third-party payers who reimburse the practice directly for services rendered to patients.

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| # | Check | Action | Why This Will Help You |
|  |  | Assess the EFT implementation process. | Issues identified and addressed in checklist item #12 are the basis for your assessment. |
|  |  | Schedule additional EFT implementations. | The outcome of the assessment (#13) will help you determine which and when more payers should be moved to EFT. |

Part 5 –Begin ERA Implementation

EFT is one avenue to increase your practice’s administrative efficiency by reducing paper-handling. There is another complementary avenue to increased administrative efficiency, implementing the standard Electronic Remittance Advice (ERA) transaction.

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| # | Check | Action | Why This Will Help You |
|  |  | Assess practice readiness to implement ERA transactions. | ERA’s enable your PMS to automatically post information that is now manually entered from information on paper EOBs and on payer proprietary online provider portals.  You do not need to defer ERA implementation until you complete your EFT implementation with all the dental benefit plans that send reimbursements directly to your practice. |
|  |  | Initiate ERA implementation process. | Your ERA implementation can follow the same steps identified in this EFT checklist (#s 1-15) – again starting with one or more payers whose volume would not be overwhelming.  Approach your PMS vendor regarding software upgrade to automate ERA-EFT reconciliation to reduce the need for manual interventions (e.g., receivable adjustment).  **NOTE:** Both the EFT and ERA transactions include a data element that will help match a payment with the receivable created when the claim was prepared. This is the Trace Reassociation Number (TRN) that is unique to each claim’s ERA and EFT.  Designed to be a machine-readable number, the TRN is a series of numbers and asterisks, similar to this:  TRN\*1\*12345\*1512345678\*999999999\  It will be an integral part of your PMS automated reconciliation software upgrade, when available.  There is no requirement for a TRN on either a paper EOB or one accessed online from a payer’s proprietary web site. But if you see something that looks like a TRN, please check with the payer to find out if it is this data element. If so, you may find it helpful in the manual reconciliation process. |

**Questions or Assistance?**

Call 800-621-8099 or send an email to [dentalcode@ada.org](mailto:dentalcode@ada.org)