

Date: January 23, 2019

To: Dental Benefit Plans, Clearinghouses and Practice Management Software Vendors, Financial Institutions

From: American Dental Association

Subject: Promoting Use of HIPAA Standard Transactions for Claim Payment and Explanation of Benefits

The American Dental Association, supported by the undersigned organizations, seeks to promote correct implementation of electronic transactions that enable efficient claim payment and reconciliation – and by doing so reduce administrative overhead across the board.

When a payer offers dentists the choice of using electronic funds transfer (EFT) to receive payment, implementation should be in conjunction with the HIPAA standard electronic transaction for claim payment information (ERA).

- Dental claim payment made by electronic funds transfer (EFT) makes use of the NACHA health care claim payment format known as CCD+. When used this standard replaces both paper checks and virtual credit cards.
- Electronic reconciliation, also known as the electronic remittance advice (ERA), makes use of the X12N 835v5010 format. When used this standard replaces paper explanations of benefits (EOBs) and postings on proprietary payer portals.

The EFT and ERA transactions complement each other. Correct implementation requires dental benefit plans to abide by both the Phase III CAQH CORE EFT & ERA Operating Rules (<https://www.caqh.org/core/caqh-core-phase-iii-rules>) and NACHA Operating Rules (<https://www.nacha.org/rules>).

Because the EFT and the ERA transactions take different paths for transmission from the payer to the dental office, reassociation of the two transactions is necessary. Reconciliation requires accurate and complete information in both transactions to allow their reassociation.

HIPAA transaction implementation publications include several key rules that are pertinent to reassociation and reconciliation:

1. The 835 transaction set contains information about the payee, the payer, the amount and any other identifying information of the payment being made as a result of adjudication of claims by the payer.
2. There is a one to one relationship between the EFT and the 835 (ERA) as cited in section II.F of the EFT Standards Final Rule and in the X12N 835 TR3; in other words, one 835 transaction set reflects a single payment (one EFT).

3. One ERA may contain information on multiple claims paid by one EFT, and in all situations the total amount of payment transmitted in the health care EFT must equal the total amount of payment indicated on an associated 835.
4. The EFT Effective Entry Date and the corresponding X12N 835 BPR16 date must be the same valid banking day.
5. Trace Number must be the same in the EFT Addenda record and in the 835TRN02.

Further, HIPAA transaction implementation instructions (Phase III CORE 370 EFT & ERA Reassociation (CCD+/835) Rule) require that the following minimum data elements be included to enable reassociation.

CCD+ Reassociation Data Elements (EFT)			835 Data Elements (ERA)		
Record #	Field #	Field Name	Segment	Element	Element Name
6*	7	Identification Number (Payee)	REF	02	1000B Loop TJ Reference Identification (TIN)
5	9	Effective Entry Date	BPR	16	Date (EFT Effective Date)
6	6	Amount	BPR	02	Monetary Amount (Total Actual Provider Payment Amount)
7	3	Payment Related Information	TRN	01	Trace Type Code
			TRN	02	Reference Identification (EFT Trace Number)
			TRN	03	Originating Company Identifier (Payer Identifier)
			TRN	04	Reference Identification (Originating Company Supplemental Code)

Please note that in the above table “6\*” in row 1 cites non-minimum data that supports reconciliation, and its exchange is permissible under the CORE Operating Rule.

Please convey any questions you may have about this, and any other feedback, to ADA staff (Ms. Sarah Tilleman, 312-440-2582, [tillemans@ada.org](mailto:tillemans@ada.org); Mr. Frank Pokorny, 312-440-2752, [pokornyf@ada.org](mailto:pokornyf@ada.org)).

The following organizations support correct implementation and use of HIPAA standard transactions for claim payment and explanation of benefits, to enable efficient reconciliation, and by doing so reduce administrative overhead across all sectors of the dental community.

America's Health Insurance Plans  
American Dental Partners  
CAQH  
Change Healthcare  
Dominion National  
Guardian Life and affiliates  
Henry Schein One  
Mihalo Family Dentistry  
NACHA – The Electronic Payments Association  
National Association of Dental Plans  
PNC Healthcare  
Riverside Family Dentistry  
Standards Committee for Dental Informatics (ADA)