



# Know your rights and make ACH EFT work for your practice

The Automated Clearing House (ACH) electronic funds transfer (EFT) is a Health Insurance Portability and Accountability Act (HIPAA) standard payer-to-provider payment method designed to reduce the cost and administrative burden of the claims payment process. The standard, which utilizes the NACHA — The Electronic Payments Association Cash Concentration and Disbursement Plus Addenda (CCD+) format to process payments, is available to all physicians that request its usage from health plans. **It has been estimated that physicians and hospitals that use this new standard will save billions of dollars over the next decade.** In order to receive the greatest benefit from ACH EFT enrollment, the AMA encourages physicians to make note of the following:

## **All EFT forms are not created equal**

The term “EFT” encompasses any transfer of funds using an electronic terminal (rather than paper). This includes credit cards, wire transfers, virtual credit card programs, and bank account-to-bank account payments. In order to promote greater efficiency, HIPAA mandated that health plans offer ACH EFT, a specific form of electronic payment using the ACH network. Many health plans offer various EFT payment models, but only the ACH EFT method is regulated under HIPAA. Physician practices wishing to receive efficient payment under the HIPAA standard should be sure to request ACH EFT in the CCD+ format from their health plans. **Remember, health plans must provide ACH EFT payments upon request.**

## **ACH EFT is not subject to percentage-based payment fees**

In order to achieve compliance with the HIPAA mandate requiring all health plans to offer ACH EFT upon request, some health plans use payment vendors to process ACH EFT payments. Many of these vendors offer ACH EFT payment options that charge physicians processing fees of up to 1.9% of the claims payment. **HIPAA regulations require health plans to offer physicians an ACH EFT payment option that does not charge such percentage-based fees.** Although vendors may be allowed to charge for value-added services designed to supplement the standard ACH EFT payments, a health plan must make available to physicians the ACH EFT standard payment at no additional cost beyond nominal, per-transaction processing fees of the banking network (approximately \$0.34). This fee is usually assessed by the physician’s bank.

## **ACH EFT enrollment does not grant health plans the authority to process unauthorized debits**

In order to facilitate ACH EFT payments, health plans will collect the relevant bank account information from physicians. While this information will provide health plans with the ability to directly credit a physician’s account, the ACH EFT standard does not specifically permit health plans to process debits to those accounts, unless otherwise agreed to between the parties. **Physicians are encouraged to carefully read their EFT enrollment and registration information to determine whether it allows the health insurer to debit funds from their bank account.**

To ensure protection from unauthorized debits, practices should contact their bank. Most banks offer a variety of options to prevent unauthorized debits to accounts, such as identifying specific parties that can only make credits to one’s account.

*For more information on ACH EFT, please see the AMA’s [EFT Toolkit](#).*

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