

Perspective

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Removing the Hurdle of Provider Enrollment

Switching to Electronic Payments Could Save the Healthcare Market an Estimated \$395 Million Each Year¹

Paper-based transactions account for nearly \$300 billion in administrative costs in the United States health system annually.¹ Switching to electronic payments alone could save the industry an estimated \$395 million each year.¹ Until recently, payers have been limited in their ability to expand electronic distribution of claims payments due to provider enrollment requirements and the workflow adjustments needed. Unless the payer accounts for a meaningful volume of payments, providers often choose to continue receiving paper payments.

Provider adoption and enrollment has been slow for four key reasons:

- 1. Motivation for enrollment:** Since enrolling directly with multiple payers requires administrative work, providers often associate the value of enrollment with the percentage of payments that could be converted to electronic. Providers need a critical mass of electronic payments to consider enrollment worthwhile.
- 2. Concern of fragmented workflow:** Providers are wary to start receiving a portion of their payments electronically while still processing paper check payments from other payers, which would require redesigning payment processing workflows, retraining staff, and enhancing practice management systems.
- 3. Challenging enrollment process:** Providers are required to complete a multi-layered process to complete implementation of electronic payments.
- 4. Complex 835 processing:** Providers are required to enroll with each participating payer individually and each payer's 835 is unique, which requires a new workflow for posting.

A Variety of Methods Helps Increase Adoption of Electronic Payments

Payers should consider using the following three different modalities to increase provider adoption of electronic payments. Deploying multiple payment modalities provides flexibility for the provider and gives the payer the opportunity to reduce administrative waste, such as print and postage, call center calls, voids, and reissues.

VCC (Virtual Credit Card) Payments

With this option, payment information is distributed to providers as a virtual credit card (VCC). Providers then submit the VCC using their existing point-of-service (POS) terminals, which electronically route the payment using credit-card networks and deposit funds into the provider's existing merchant account, reducing payment time by two-to-three days.

It is important to note that some providers have been unwilling to accepting VCC payments. One reason is the transaction fee that can accompany VCC payments. Another is what the American Medical Association (AMA) refers to as "coercive tactics" used by some payers who automatically opt their providers into accepting VCCs, and then make it difficult for them to opt out.² This type of tactic can erode the payer-provider relationship, and can cause providers to opt out of all electronic payment types. It is essential that payers give their providers complete information about VCC payments upfront, including any fees that could be incurred. And it should be left to the provider to choose whether to participate in this payment method.

ACH (Automated Clearing House) Payments

ACH transactions are one of the most common and least expensive types of EFT (Electronic Funds Transfer) transactions used to distribute claims payments. Instead of using paper to distribute the payment transaction information, ACH transactions are transmitted electronically between financial institutions. Providers are able to conveniently receive claims payments deposited into their designated bank account. ACH transactions are also well suited to distribute claims payments since it also allows payers to transmit additional information with the payment, such as the

Trace Reassociation Number (TRN) segment for reconciliation.

Payers should choose payment vendors with an expansive network of providers already enrolled in ACH. This makes it easier to switch providers currently receiving paper checks to ACH payments. Payment vendors should also be Core III compliant.

Closed-Network ACH

Closed-network ACH is a variation of the traditional ACH solution and solves specific provider concerns such as enrollment and posting/reconciliation from payers with low payment volume. Using private bank network infrastructure, closed-network ACH is offered to providers who have pre-enrolled to accept direct electronic payments. Payments are automatically deposited in the provider's account without any manual intervention by the provider's staff. The 835 remittance is normalized across payers to ensure posting and reconciliation is seamless. Closed-network ACH can help save time, reduce errors, and further reduce costs.

Change Healthcare payment solutions leverage our comprehensive financial and administrative network – the largest in the United States – to process nearly \$117 billion in provider payment disbursements for 600 payers each year.

An Intelligent, Multi-pronged Approach to Electronic Payments

The transition from paper to electronic healthcare transactions continues to be a challenge for many providers, especially for claims payments. In the not-too-distant past, payers had few options outside of sending paper checks. But that is no longer the case. Change Healthcare removes the provider enrollment hurdle, and enables payers to continue forward progress in electronic payment adoption by offering multi-channel payment options such as ACH, closed-network ACH, and virtual credit cards. We also eliminate the administrative burden of enrolling for ACH payments; our Quick Collect solution enables providers to sign up once

to receive payments from multiple payers, versus having to sign-up with each payer individually. By offering providers multiple payment options, and streamlining the ACH enrollment process, payers can automate 60-80% of their provider payments.

A Full-Service Payments Partner

With the power of its Intelligent Healthcare Network™, Change Healthcare processes 12 billion healthcare-related transactions covering \$2.0 trillion in claims annually. As a leader in the industry, we're introducing new technologies into healthcare at scale—blockchain, artificial intelligence, and other emerging capabilities with the potential to improve outcomes and efficiencies. For example, our blockchain technology is being used to create a distributed ledger that makes claims processing and secure payment transactions work more efficiently and cost effectively for all healthcare stakeholders.

Change Healthcare leads the industry in healthcare payment solutions. We help payers minimize payment distribution costs through a broad array of payment options in a single platform. Our preference-based payment analytics helps determine the most cost-effective payment distribution method across our network of more than 800,000 providers.

Contact us today to learn how we can help you reach your revenue goals by removing barriers to electronic claims payments.

Go to **changehealthcare.com**, or call **866.817.3813**.

¹ <https://www.caqh.org/sites/default/files/explorations/index/report/2016-caqh-index-report.pdf>

² <https://wire.ama-assn.org/ama-news/physicians-protected-health-plan-credit-card-fees>



About Change Healthcare

Change Healthcare is inspiring a better healthcare system. Working alongside our customers and partners, we leverage our software and analytics, network solutions and technology-enabled services to help them improve efficiency, reduce costs, increase cash flow, and more effectively manage complex workflows. Together, we are accelerating the journey toward improved lives and healthier communities.

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