



Advantum Health's Electronic Data Interchange systems create a seamless and secure payment transfer network

Secure and Accelerate Your Revenue Cycle Management

Electronic Remittance Advice (ERA), Electronic Funds Transfer (EFT), and Electronic Data Interchange (EDI) are all tools that can be used within the revenue cycle management system. The acronyms mean different things, and the former two are essentially two sides of the same coin but are sometimes used a bit interchangeably. Their advantages in the revenue cycle management environment are numerous and substantial.

Electronic Remittance Advice (ERA)

An ERA is an explanation that is transmitted from a health plan (insurer) to a provider about a claim payment. It explains how a health plan has adjusted claim charges based on factors like:

- ▶ Contract agreements
- ▶ Benefit coverage
- ▶ Secondary payers
- ▶ Expected copays and co-insurance¹

Basically, the ERA is the data about the claim payment, how it was arrived at, and what to expect.

Electronic Funds Transfer (EFT)

The second part of the equation, the EFT, is an electronic message used by those health plans to order a financial institution to electronically transfer funds to a provider's account to pay for health care services. An EFT includes information such as:

- ▶ The amount and date of payment being paid
- ▶ Bank accounts of the payer and payee
- ▶ The names and identification of the payer and payee
- ▶ Routing numbers¹¹

The EFT is the actual claim payment, along with its corresponding data.

Advantum Health accelerates information and payments times with Electronic Data Interchange

Electronic Data Interchange (EDI)

Finally, EDI is the overarching process that encompasses both ERA and EFT. The EDI consists of two parts:

- ▶ Explanation of benefits (EOB) or remittance advice from a health plan to a health care provider. This is the ERA component described above.
- ▶ Payment, with information about the transfer of funds and payment processing from a health plan to a health care provider's financial institution. This is the EFT.¹

As mentioned, the many benefits are substantial. To begin, there are not any concerns over postage, envelopes, mailing, printing, supplies or processes. Additionally, worries about the delivery, pick up, or even theft of the physical mail is no longer valid. The timeline of communication and payments is compressed as well. Once the initial EDI systems are in place, the transfer of data, as in other digital interactions, is virtually instantaneous. And just as with personal online billing and banking, the system is secure, discreet, and as automated as desired.

The Advantages of Electronic Data Interchange

- ▶ Faster payment times
- ▶ Quick access to information
- ▶ Reduced error
- ▶ Improved customer service
- ▶ Reduced paperwork
- ▶ Improved accuracy

As part of an integrated, systemic, and interconnected revenue cycle management system, EDI and the ERA/EFT subcomponents are vital to the modern provider payment environment. Contact Advantum Health today for more information on how to incorporate a streamlined EDI within your practice.

References

1. <https://www.cms.gov/Regulations-and-Guidance/Administrative-Simplification/Transactions/HealthCarePaymentandRemittanceAdviceandElectronicFundsTransfer>

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About Advantum Health

Advantum Health provides comprehensive Revenue Cycle Management (RCM) services through a robust, innovative technology suite. By integrating RCM with population health and care coordination services, Advantum Health can ensure hospitals and physicians increase their existing revenue stream, uncover new payment opportunities, and elevate RCM performance.

