IMPLEMENTING HEALTHCARE REFORM

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Healthcare Reform

In Focus: *Health Plan Identifier (HPID) Requirements*

Delay in Enforcement of HPID Regulations: The Department of Health and Human Services (HHS) has announced a delay in enforcement of Health Plan Identifier (HPID) requirements. The announcement was made on Friday, Oct. 31, 2014. The HPID final rule required that controlling health plans, as defined in the regulation, obtain an HPID by Nov. 5, 2014, for large health plans and by Nov. 5, 2015, for small health plans. The new guidance delays enforcement of obtaining an HPID and use of an HPID in transactions until further notice. This delay applies to all HIPAA covered entities, including healthcare providers, health plans and healthcare clearinghouses. We will provide more information as it becomes available.

The Administrative Simplification provision of the Health Insurance Portability and Accountability Act of 1996 (HIPAA, Title II) requires the Department of Health and Human Services (HHS) to adopt national standards for electronic healthcare transactions and national identifiers for providers, health plans and employers.

HHS has published the Final Rule on administrative data standards simplification and requirements to adopt a unique standard Health Plan Identifier (HPID) for use in HIPAA standard transactions effective Nov. 7, 2016.

What is a HPID?

A HPID serves as a unique identifier for health plans when such plans are identified in HIPAA standard transactions. It is intended to provide consistency and a standard format for insurers and health plans to identify themselves. Two new categories of health plans, as defined in the HIPAA regulations, are the following:

Controlling Health Plan (CHP)

A CHP is a health plan that:

- controls its own business activities, actions or policies; or
- is controlled by an entity that is not a health plan;
- if it has a subhealth plan(s), exercises sufficient control over the subhealth plan(s) to direct its business activities, actions, or policies.

Subhealth Plan (SHP)

A SHP is a health plan whose business activities, actions or policies are directed by a controlling health plan.

What is a standard transaction?

The following is the list of HIPAA standard transactions:

- healthcare claims or equivalent encounter information;
- health claims attachments;
- health plan enrollments and dis-enrollments;
- health plan eligibility;
- healthcare payment and remittance advice;
- health plan premium payments;
- healthcare claim status; and
- referral certification and authorization.

Note: Business associates of health insurers and self-funded health plans are also required to use the assigned HPIDs when conducting transactions on the insurer's/plan's behalf, if the health plan is identified in such transactions.

What types of plans must obtain a HPID?

All controlling health plans are required to obtain a HPID.

A third-party administrator cannot obtain a HPID on a health plan's behalf. The health plan's HPID must be used when the health plan is identified in a standard transaction.

A SHP is not required to obtain a HPID, but may choose to obtain a HPID, or its CHP may obtain a HPID on its behalf.

Are there other permitted uses for a HPID?

The HPID may also be used for any other lawful purpose that requires the identification of a health plan (for example, a health plan ID card).

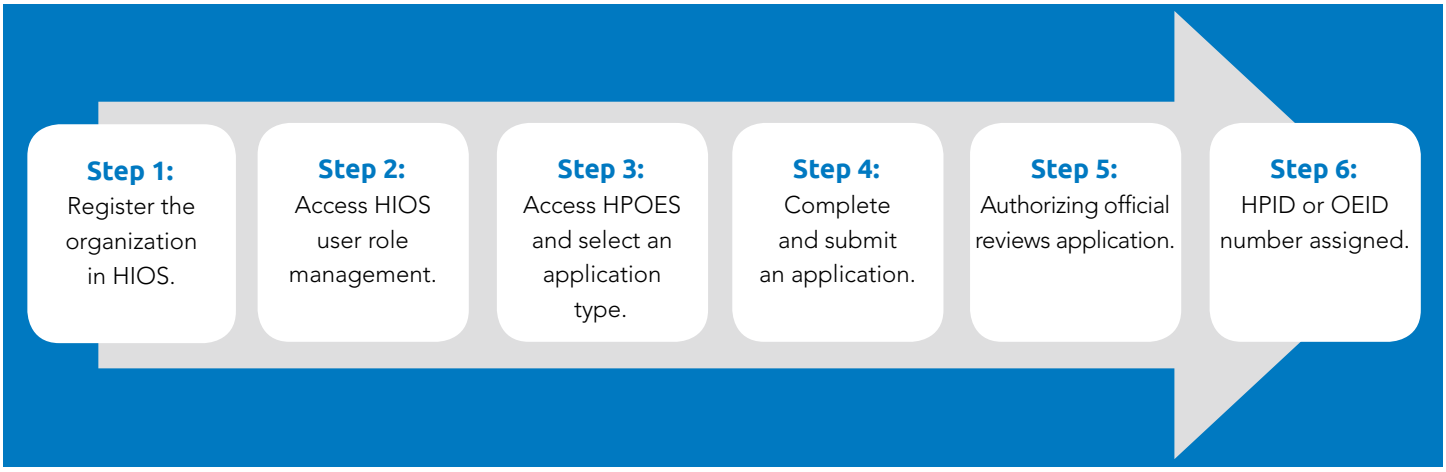
What is the timeline for compliance with the regulations?

The following chart outlines the required time frames for compliance with HPID requirements.

Entity Type	Compliance Date for Obtaining HPID	Full Implementation Date for Using HPID in Standard Transactions
Health plans, excluding small health plans	Nov. 5, 2014	Nov. 7, 2016
Small health plans	Nov. 5, 2015	Nov. 7, 2016
Covered healthcare providers	Not applicable	Nov. 7, 2016
Healthcare clearinghouses	Not applicable	Nov. 7, 2016

Where do I register for a HPID?

HPID applications are available through the Health Plan and Other Entity Enumeration System (HPOES). The following provides a high-level overview of the application process.



HPOES is part of the CMS Health Insurance Oversight System (HIOS). Users need to go to the CMS Enterprise Portal at https://portal.cms.gov/ to access HIOS. A user is required to register on HIOS prior to completing a HPID application. Refer to the following link for a detailed explanation of how to complete the HIOS registration process and HPID application: http://www.youtube.com/watch?v=o39nzyOlkpc&feature=youtu.be

Note: When the HPID application asks for a Payer ID, CoreSource clients should type, "Not applicable."

How is the size of a health plan determined?

A health plan's size is determined by its annual receipts. HIPAA defines a small health plan as one with annual receipts of $5 million or less.

Health plans that file certain federal tax returns and report receipts on those returns should use the guidance provided by the Small Business Administration to calculate annual receipts.

Health plans that do not report receipts to the IRS, such as ERISA group health plans that are exempt from filing income tax returns, should use proxy measures to determine their annual receipts.

Is there a penalty for non-compliance with the Administrative Data Standards Simplification requirements?

Per the HHS general requirements, the Secretary of the Department of Health and Human Services may impose a monetary civil penalty for failure to comply with the administrative data standards simplification requirements.

When must a covered entity use a HPID?

The rule requires all covered entities to use a HPID whenever a covered entity identifies a health plan in a standard transaction. However, the rule does not require a health plan to be identified in a standard transaction if the health plan was not identified in a standard transaction prior to the rule.

Next Steps?

The only action required by employers at this time is to obtain the HPID number according to the guidelines and timeline identified. Additional information will be provided as it becomes available.

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