



Reminder: Large Self-Insured Plans Must Register for an HPID by November 5, 2014

As part of the Affordable Care Act's ("ACA") Administrative Simplification provision, all "controlling health plans" (defined below) must obtain a 10-digit numeric identifier known as a Health Plan Identifier, or HPID. The HPID is part of a project that federal agencies, health insurers and health care provider groups have been working on for years, as final rules for the HPID requirement were published in the Federal Register on September 5, 2012 (77 FR 54719) (the "Final Rules").

The Final Rules require health plans to register for an HPID by **November 5, 2014** (small health plans have until November 5, 2015 to register). Specifically, all "Controlling Health Plans" must obtain a HPID. The U.S. Department of Health and Human Services ("HHS") describes a Controlling Health Plan ("CHP") as a health plan that controls its own business activities, actions, or policies; or is controlled by entities that are not health plans. In plain English, this includes most employer-sponsored self-insured group health plans.

OVERVIEW

Self-insured group health plans are "health plans" for purposes of HIPAA and therefore must obtain an HPID if they meet the definition of a CHP. In general, most employer-sponsored group health plans are CHPs; however, the insurance carrier obtains and uses the HPID for its fully insured plans.

The HPID is required to be used in HIPAA-covered electronic transactions (sometimes referred to as "standard transactions") by November 7, 2016. Standard transactions may include medical and dental claims or premium payments, for example. Employers must obtain HPIDs for their self-insured group health plans, even if their plans are administered by a third party administrator ("TPA"). That said, in most cases, TPAs will use their own identifier—called an Other Entity Identified, or OEID in standard transactions performed on behalf of its clients' plans.¹

A CHP's subhealth plan ("SHP") may, but is not required to, register for an HPID or the SHP may choose to use the number of its CHP. For example, an employer that sponsors self-insured medical and dental plans might consider the medical plan to be a CHP and the dental plan

¹ In the preamble to HPID regulations, HHS acknowledges that "very few self-insured group health plans conduct standard transactions themselves; rather, they typically contract with TPAs or insurance issuers to administer the plans. Therefore, there will be significantly fewer health plans that use HPIDs in standard transactions than health plans that are required to obtain HPIDs, and only health plans that use the HPIDs in standard transactions will have direct costs and benefits."

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to be a SHP. An SHP is defined as a health plan whose business activities, actions or policies are directed by a CHP. As another example, an employer that consolidates multiple health plans under one ERISA plan number may generally treat the consolidated plan as a CHP.

COMPLIANCE DATES

Plan Type	Compliance Date
Large Health Plan	Must obtain an HPID by November 5, 2014
Small Health Plan	Must obtain an HPID by November 5, 2015
All Health Plans Generating Electronic Transactions	Must start using HPIDs in covered transactions by November 7, 2016

For these purposes, the regulations define a small health plan as a health plan with annual receipts of \$5 million or less. A CMS FAQ indicates that self-insured plans should use the total amount paid for health care claims by the employer or plan sponsor on behalf of the plan during the plan's last full fiscal year in determining the amount of annual receipts.² Only amounts paid for actual health care claims incurred by participants should be included in determining the amount of annual receipts. Premiums for stop-loss coverage and other administrative expenses of the self-funded plan are not included.

In addition to registering for the HPID, CHPs must disclose their HPID when requested and communicate any changes to their required data elements in the HPID Enumeration System within 30 days of the change.

The final rule also provides that the HPID may be used for other lawful purposes that require the identification of health plans. For example, HPID may be used for:

- Identification purposes on health plans internal files;
- On health insurance cards;
- As a cross-reference in health care fraud and abuse files; and
- To identify health plans on Health Information Exchanges (“HIEs”) and Federal and State insurance exchanges.

Obtaining an HPID

For self-insured health plans, the responsibility for obtaining an HPID ultimately rests with the plan sponsor (e.g., the employer). A TPA or other entity may assist a plan sponsor with the HPID application

² See <https://questions.cms.gov/faq.php?id=5005&faqId=10380>, as visited September 22, 2014.

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process; however, an individual with the authority to legally bind the company must sign-off on the application in order for an HPID to be generated. We note that the application process can be challenging for employers, who may not possess some of the information requested during the application process. For example, the application requests a Payer ID number; however, HHS has advised that self-funded employers that do not have these numbers may enter “not applicable” in this field on the application and will still be able to apply for their HPID successfully.

Employers and other plan sponsors may complete their HPID application at: <http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Health-Plan-Identifier.html>

HHS provides videos to assist Health Plans in the application process and a 111 page User Manual published by CMS:

<http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Downloads/HIOSHPOESUserManual0401012014.pdf>

Once a plan obtains an HPID, it must certify to HHS that it is in compliance with HIPAA’s standards and operating rules and report on the number of covered lives under its major medical plan. For plans obtaining an HPID before January 1, 2015, the deadline is December 31, 2015. For plans obtaining an HPID between January 1, 2015 and December 31, 2016, the deadline is 365 days after the plan obtains the HPID. Further guidance from HHS on the certification process will be forthcoming.