TESTIMONY

Before the

NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS

SUBCOMMITTEE ON STANDARDS

On

The NATIONAL HEALTH PLAN IDENTIFIER

Presented by:

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On behalf of America's Health Insurance Plans and the Blue Cross and Blue Shield Association

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OPENING STATEMENT

Good morning. My name is Jim Daley and I am the Director IS Risk and Compliance for BlueCross BlueShield of South Carolina (BCBSSC), speaking on behalf of the Blue Cross and Blue Shield Association (BCBSA) and America's Health Insurance Plans (AHIP).

AHIP is the national association representing approximately 1,300 health insurance plans that provide coverage to more than 200 million Americans. AHIP's member health insurance plans offer a broad range of health insurance products in the commercial marketplace and also have demonstrated a strong commitment to participation in public programs.

The Blue Cross and Blue Shield Association is made up of 39 independent, community-based and locally operated Blue Cross and Blue Shield companies that collectively provide healthcare coverage for nearly 100 million – one-in-three – Americans. BlueCross BlueShield of South Carolina, headquartered in Columbia, S.C., is an independent licensee of the Blue Cross and Blue Shield Association. BlueCross BlueShield of South Carolina comprises more than 30 companies involved in health insurance services, U.S. Department of Defense health program and Medicare contracts, and other insurance and employee benefits services.

On behalf of BCBSA and AHIP I would like to thank you for the opportunity to offer our comments on the National Health Plan Identifier. Our comments will focus on the following topics: (a) basic principles, (b)

the purpose of the identifier (c) enumeration levels (d) format of the identifier; and (e) other issues and concerns.

Principles:

Health plans strongly support the implementation of the National Health Plan Identifier. We believe effective implementation will further streamline claims processing as well as help advance the implementation of fully electronic business processes in the claims processing cycle. To fully realize the benefits of the Plan ID, we recommend that the implementation of the National Health Plan Identifier must be in accordance with some basic principles.

- First, the purpose of the Health Plan Identifier must initially be narrow in scope and focus on identifying where electronic transactions are to be sent.
- Second, it should support the objectives of administrative simplification.
- Third, administrative procedures associated with the Health Plan Identifier must be easy to understand and implement.
- Fourth, the Health Plan Identifier should not adversely impact existing contractual arrangements between any trading partners.

Purpose:

We believe the purpose of the identifier is to identify entities that fall within the definition of a health plan that are responsible for administering healthcare standard transactions. The Heath Plan Identifier is used to determine either where the standard electronic transactions are to be sent if the receiver is a health plan or from where they came if the sender is a health plan. This would include the use of standard transactions for electronic coordination of benefits (COB) processing based on trading partner agreements.

Other potential uses for a National Health Plan Identifier may include their use on identification cards, to aid in the auto reconciliation of claims and claims payments, and in other electronic exchanges of health care information outside the scope of HIPAA administrative transactions. Including additional requirements for those purposes within this rule, however, will lead to more complexity and greater administrative burden for all stakeholders. We believe it is critical to keep the Health Plan identifier requirements as simple as possible, given the time frame for the Plan ID adoption and all the other Patient Protection and Affordable Care Act and HIPAA related changes, such as implementation of the 005010/D.0 standards and ICD 10 codes.

We recommend that the health plan identifier is not linked to specific reimbursement agreements. While we acknowledge the importance of providers being able to clearly identify the basis of the reimbursement calculations, we believe this issue should be addressed either in future versions of the

transactions standards, the TR3 implementation guides or as part of the operating rules associated with the eligibility and remittance transactions.

Adding additional complexity to the Health Plan Identifier would result in significant administrative overhead in order to establish and maintain such linkage and add to the implementation effort. While identification of specific fee schedules within the Plan ID has been recommended by some, this is only one reimbursement methodology being used by health plans today. Health plans are also using payments based on capitation, pay for performance and factors that would need to be considered if the Health Plan Identifier were to reflect specific reimbursement methodologies. Additionally, the data required to definitely ascertain this information is not available on the standard eligibility and benefits request. Even if all the required data were present, health plans would essentially have to process a claim like transaction in order to produce an eligibility and benefits response adding to the administrative effort and potentially causing delays or failures in the response. As a result requiring the Health Plan Identifier to incorporate reimbursement methods along with product variations would create a level of complexity that should not be required within the scope of this rule by significantly increasing the number of identifiers that would be needed and adding to the maintenance requirements as provider affiliation and reimbursement arrangements change.

Enumeration Levels:

We believe enumeration should occur at a Plan level and should support the ability to obtain and utilize a more granular identifier schema when a Plan's business needs require further differentiation to appropriately route standard electronic transactions. As an example, Entity 1 may choose to have all electronic transactions administered through a single gateway and therefore would choose to have a single identifier. Entity 2 may administer electronic transactions for various lines of business or product lines independently and would choose to obtain multiple identifiers to support that structure.

For purposes of discussion we would define a line of business as a major grouping within an entity for which all of the electronic transactions would be administered in the same way. We do not believe enumeration is needed beyond the line of business or product line level. In our opinion further enumeration would unnecessarily require the assignment of a large number of identifiers, creating significant administrative burden to update and maintain. While we do not believe many Plans have a need to enumerate to a line of business level, we support and recommend allowing for the flexibility to do so.

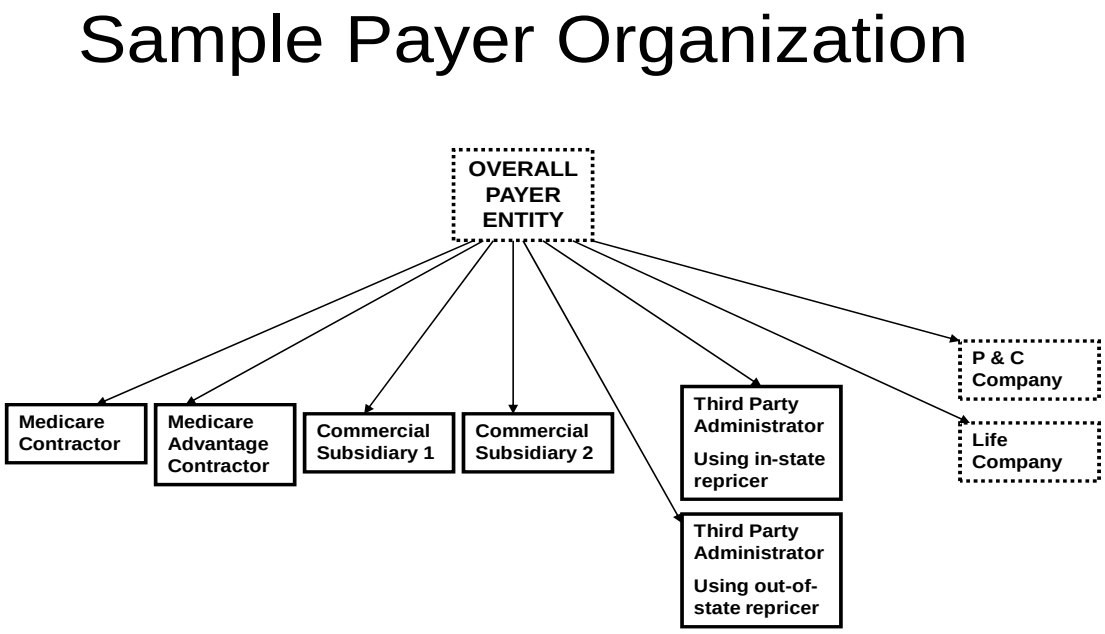
Some BCBSA and AHIP Member Plans are single state entities while others are part of larger multi state corporations. We envision our Member Plans that only need to identify at the state-level, might obtain one health plan identifier. For Member Plans that have a need for more granular enumeration, whether due to multi-state licensed business or due to different business lines, we envision they will obtain multiple Plan identifiers. These alternative approaches are further defined in Figure 1.

Figure 1 Three Scenarios for Enumeration

Scenario 1 would be all electronic transactions administered both sent and received at one central location. Only one identifier would be required for all units and could be assigned to the corporate entity.

Scenario 2 each unit would have electronic transactions processed at unique locations or business units. Each unit would have its own identifier and the corporate entity would not have an identifier.

Scenario 3 would be a variation of some units using one location and the others having unique locations. In this scenario one number would be required for the combination units and separate numbers for the other units.



Structure of the Identifier:

The format of the Plan ID should conform to ISO standards, i.e. the ANSI INCITS 284 ID card standard which is a 9-digit plus check digit ID prefixed by (80840) issued by an entity registered with ISO. It is our understanding that this is the format that the National Plan and Provider Enumeration System (NPPES) can support. Enumeration should not be hierarchical or in an organization with subpart(s) arrangement. If a Plan wishes, for example, to have three Plan IDs for three medical product lines, a higher level medical ID should not be required. The 10-digit numeric identifier, which includes a check digit, must contain no embedded intelligence that could be parsed apart. We believe that entities that require more than one identifier should be able, if they so choose, to request a sequential set of numbers that would enable others to associate the numbers with a single entity**.** However, this should not be a requirement.

Since the numbering structure as described is currently being used by health plans that have implemented the WEDI Health Identification Card Implementation Guide, we support grandfathering of those identifiers previously issued and currently being used for this purpose. This would avoid the need to have cards reissued because of a change to that number.

We are not in favor of using other existing identifiers for the National Plan Identifier. Using common numbers currently being used for completely different purposes could lead to limitations and restrictions that may hamper achieving the purpose of this identifier.

Additional Considerations:

A centralized registry should be used to assign and maintain all Health Plan Identifiers. The administrator of the registry would validate health Plan information and administer policies and procedures with respect to access and dissemination of related information.

There should be a single implementation date for all stakeholders. Both AHIP and BCBSA and their member companies believe that this would be the most efficient way to implement the National Health Plan Identifier. However, a dual use period should be a consideration if after evaluation it was determined a dual use period would be beneficial to industry implementation efforts.

Summary of Recommendations

In summary our recommendations are as follows:

- Limit scope of the Plan ID standard to replacing currently used proprietary identifiers with a standard identifier.
- Allow enumeration to occur at a level that supports appropriate routing of standard transactions as determined by the health plan entity.
- Support using future operating rules versions of the standards (e.g., 6020) and implementation guides to address options to better identify the reimbursement methodology.
- Use a standard numeric identifier with no embedded intelligence.
- Establish a central registry to assign and maintain all health plan identifiers.
- Consider grandfathering identifiers that conform to the standard established.

Conclusion:

We believe that moving the industry to a National Health Plan Identifier within the time frames specified in the Patient Protection and Affordable Care Act can be efficiently and effectively accomplished providing the purpose of the identifier is limited to the routing of standard administrative transactions. Expanding the scope beyond that purpose will add complexity to the enumeration of health plans and require significant changes to internal systems to meet any additional requirements. When the industry moved to the National Provider Identifier health Plans adjusted their processing to use other means to obtain information that was previously provided by their legacy numbers. This reduced the numbering requirements for providers and supported the goals of administrative simplification. We believe the same should hold true for the Health Plan Identifier.

We appreciate the opportunity to testify and I would be happy to answer any questions.