Statement To
DEPARTMENT OF HEALTH AND HUMAN SERVICES
NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS
SUBCOMMITTEE ON STANDARDS

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Members of the Subcommittee, I am Laurie Darst, Revenue Cycle Regulatory Advisor at the Mayo Clinic and a member of the Workgroup for Electronic Data Interchange (WEDI) Board of Directors. I would like to thank you for the opportunity to present testimony today on behalf of WEDI concerning the Unique Health Plan Identifier (HPID) under the Administrative Simplification provisions of the Affordable Care Act (ACA).

WEDI represents a broad industry perspective of providers, clearinghouses, payers, vendors and other public and private organizations that partner together to collaborate on industry issues. WEDI is named as an advisor to the Secretary of Health and Human Services (HHS) under the Health Insurance Portability and Accountability Act (HIPAA) regulation and we take an objective approach to resolving issues.

Background

WEDI has been seeking feedback from our members on the HPID since the Subcommittee hearings in July 2010 and has held several Policy Advisory Groups as well as Technical Advisory Committees on the subject in the intervening years. A recurring theme that we have heard is the continued confusion within the industry as to what HPID is intended to solve in the current healthcare environment. WEDI believes this message is important and should be addressed. The industry understands the intent of the original HIPAA statute was to solve routing issues that existed more than 15 year ago; however, the industry has resolved those issues, with special attention to privacy and security risk mitigation. WEDI is concerned that in order to enumerate health plans, both government and commercial funds will be required, diverting those dollars from being used to achieve healthcare goals of greater quality of care greater patient safety and reducing costs.

Without reiterating prior testimony, as the industry has further delved into the Final Rule provisions and started evaluations of health plan enumeration and implementation issues, further confusion about the purpose and value of the HPID has evolved.
For today's testimony, as our information covers several of the Subcommittee's questions at once, we chose to focus on two main issues we continue to hear from our membership with respect to the HPID:

1. The need for clarification on enumeration requirements for the following:
    a. Self-insured health plans, specifically those that are not covered entities under HIPAA
    b. Controlling health plans
2. Concerns on the use of HPID in the transactions.

Self-Insured Health Plans and Enumeration

Many self-insured group health plans do not directly administer their health plan operations, employing a third party administrator today. Under this business model, these plans do not conduct standard electronic transactions and with the provisions of the HPID Final Rule applying to health plans, not just health plans that conduct standard transactions, there is concern that many self-insured health plans continue to be unaware of the new requirements that apply to them.

WEDI members continue to express concern that these entities may not realize the HPID Final Rule applies to them and sees educating them as a significant need moving forward. WEDI recommends that CMS conduct educational outreach for self-insured (group) health plans on the HPID and HPID enumeration process. WEDI is willing to partner with CMS to conduct this education and collection of feedback from self-funded entities. The impacts of enumeration of self-insured entities past the HPID itself are still unknown.

WEDI held a Policy Advisory Group on the Certification of Compliance NPRM and attendees expressed significant concern over self-insured health plans not conducting transactions being required to certify compliance. It is unclear to the industry what these entities would certify to since they do not conduct the standard transactions which the compliance certification process is measuring. WEDI recommends that certification and required testing be applied to the entities that are actually exchanging transactions. Self-insured health plans that do not exchange all of their transactions should be allowed to use the certification of the entities that conduct transaction exchange on their behalf. Any intent to catalogue these self-insured health plans that do not conduct transactions under HIPAA is best separated from certifying compliance with standard transactions and code sets.

Controlling Health Plans and Enumeration

Our prior testimony on this is relatively unchanged. Enumeration under the regulation continues to be a challenge for many health plans, specifically with respect to the definitions of controlling health plan (CHP) and subhealth plan (SHP). What we have found through further discussions with our members is that this confusion is primarily coming from health plans that are covered entities, particularly as they look at their current health plan identifier enumerations and review the final rule, leading them to believe that the rule requires a much greater level of enumeration than that used in current practice. This is further complicated by the difference within the industry in verbiage usage between the terms "health plan" and "payer". By and large, the healthcare industry tends to use the terms "health plan"

and “payer” synonymously. The HIPAA regulation, however, defines “health plan” differently than the way the industry commonly uses the term. This variation in terminology usage has also created additional interpretation issues which will be addressed later in our testimony.

Other points that cause industry angst are around the enumeration requirement for health plans, which does not equate to enumerating all payers. In addition, the Final Rule preamble text indicates there is not a new requirement to identify a health plan in transactions, but rather only to use their HPID where they are identified within a transaction.

WEDI has commented previously that clear, unambiguous definition of the intent of the HPID is needed. We have come to understand that the intent of the HPID is centered more on its use for the Certification of Compliance process and there is recognition that the industry has solved on its own over the years any issues with routing of transactions.

Definition of ‘Payer’

As mentioned earlier, WEDI has found there is a distinct difference between the definition of “health plan” under the regulation and the use of the term “payer” within the standard transactions. WEDI has partnered with the ASC X12 to develop an issue brief to address this distinction, in order to provide guidance to our members and the industry as a whole in the implementation of the HPID in terms of transactional use. This distinction is critical to ensuring as little disruption as possible to the industry in terms of the use of the HPID in transactions. The issue brief is in the final stages of the WEDI consensus process and upon publication, we will share it with the Subcommittee.

HPID Use within Standard Transactions

Trading partners of health plans are increasingly concerned that greater enumeration will result in a disruption of the current, well-functioning transaction flows, potentially resulting in payment disruptions and accounts receivable impacts as well as privacy and security breaches due to misrouted transactions.

There is great concern that by introducing a new, not equivalently mapped, enumeration into the transactions it may reintroduce past issues that have been solved, which impacts provider accounts receivable and re-introduces significant privacy and security risks. There is also concern that simply introducing a new enumeration which is equivalently mapped, only replaces one number with another, spending unnecessary resources.

It is also our understanding the HPOES Database will not be publically available to all stakeholders who need to populate their database tables. Access to this database is essential to complete the significant cross-mapping that would be required to report HPID in transactions.

Given these significant concerns and the lack of perceived benefit to the industry, we would like to reiterate WEDI’s recommendation in October 2013 to CMS that they require HPID enumeration but modify the rule to make HPIDs Not Used in transactions. This recommendation remains unchanged.

Conclusion

WEDI supports the continued efforts of all stakeholders towards meeting the compliance date. Continued collaboration and communication among industry participants is needed and must be accelerated in order to assist those lagging behind in achieving the end goal.

Members of the Subcommittee thank you for the opportunity to testify and WEDI offers our continuing support to the Secretary and the industry in achieving compliance.

NCVHS Panel 6

WEDI Testimony on Health Plan Identifier

June 10, 2014

Laurie Darst, Mayo Clinic, Revenue Cycle Regulatory Advisor
WEDI Board of Directors and WEDI Co-chair, Health Plan Identifier Workgroup

WEDI – HPID Background

- WEDI has been soliciting feedback from members on the HPID since the Subcommittee hearings in July 2010 and has held several Policy Advisory Groups as well as Technical Advisory Committees on this topic in the intervening years.
- A recurring theme heard is the continued confusion within the industry as to what the HPID is intended to solve with respect to our current healthcare industry
- The industry understands the intent from the original HIPAA statute was to solve routing issues identified over 15 years ago, but the industry has resolved those prior issues.

WEDI – HPID Concerns

- Concern dollars spent to enumerate and use in the transactions will divert dollars from being used to achieve healthcare goals of greater quality of care and greater patient safety and reducing costs.
- Two main issues of concern:
  1. Need for clarification on enumeration requirements:
     - Self-insured health plans, specifically those that are not covered entities under HIPAA
     - Controlling health plans
  2. Concerns on the use of HPID in the transactions

Self-Insured Health Plans

- Most self-insured group health plans do not directly administer their health plan operations
  - Employ a 3rd party administrator to do this
- They do not conduct standard electronic transactions
- Concern many self-insured health plans are not aware of the new requirement and that it applies to them
- WEDI recommends CMS conduct education outreach to the self-funded group health plans

Self-Insured Health Plans

- At the February Policy Advisory Group session on the Certification of Compliance NPRM, attendees expressed significant concern that self funded health plans (not conducting transactions) would be required to certify compliance
- WEDI recommends that certification and required testing be applied only to the entities that are actually exchanging transactions

Controlling Health Plans

- Challenges in respect to definition of Controlling Health Plan
- Rule appears to require greater enumeration than what is in current practice
- Further complicated by verbiage usage between terms ‘health plan’ and ‘payer’
- Industry needs clear, unambiguous definition of the intent of the HPID

Definition of “Payer”

- WEDI has partnered with ASC X12 to develop an issue brief to address the distinction between “health plan” and “payer”
- Provide guidance on the use of these terms as they relate in the transactions
- Issue brief is in the final stages of the WEDI consensus process and upon publication, WEDI will share it with the Subcommittee

Use of HPID in Transactions

- Concerns that introducing HPID into transactions will disrupt the current, well-functioning transaction flows, resulting in payment disruptions
- Concerns with privacy and security breach risk due to potentially misrouted transactions
- Introducing a new, not equivalently mapped enumeration may re-introduce past issues
- Lack of data dissemination of HPID database (at least initially

Use of HPID in Transactions

- WEDI recommends that HPID enumeration be required, but modify the rule to make HPIDs Not Used in transactions

Summary of Recommendations

- CMS should clarify enumeration requirements for self-funded group health plans and controlling health plans
  - WEDI recommends CMS conduct education outreach to the self-funded group health plans
  - Self funded health plans should not be required to certify compliance for transactions
  - Clear, unambiguous definition of the intent of HPID is necessary
- WEDI recommends that HPID enumeration be required, but modify the rule to make HPIDs 'Not Used' in transactions