TESTIMONY

Before the

NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS

On

HEALTH PLAN IDENTIFIER

Submitted by:

Debra Dixon, Data Processing Manager

California Department of Health Care Services

May 3, 2017

Good morning. My name is Debra Dixon and I am the Chief of the Information Technology Branch in the Office of HIPAA Compliance at the California Department of Health Care Services, known as DHCS. DHCS is the single state agency responsible for California's Medicaid program, known as Medi-Cal. Medi-Cal serves approximately 13 million beneficiaries in a complex and diverse population. As a result, adoption of any regulation, whether State or Federal, is undertaken in a prudent manner, with thorough analysis that includes both internal and external stakeholders, with an eye toward responsible use of funds and unfettered access to the Program for our many beneficiaries.

Thank you for the opportunity to respond to the questions and provide information to address the Committee on the Health Plan Identifier (HPID).

DHCS appreciates the enforcement discretion the Health and Human Services (HHS) Agency has exercised with respect to HPID regulations these past few years. Because enforcement is suspended, we currently have no challenges in this area.

However, the HPID regulation leaves a number of unanswered questions and would be difficult to implement as it currently stands. If HPID regulations were to be fully enforced, DHCS would have several concerns. There are multiple unanswered questions with respect to the proper approach to HPID enumeration for a State Medicaid Agency (SMA), particularly for sub health plans which might be Medicaid program areas not distinct from the SMA. The difference between payer and plan is also unclear as it pertains to fiscal intermediaries and similar service organizations. These and similar concerns have also been raised by industry leaders, such as the Workgroup for Electronic Data Interchange (WEDI) and Council for Affordable Quality Healthcare (CAQH). DHCS generally agrees with their concerns and does in this instance as well.

Although DHCS is grateful for the leadership the HHS provides, we see little benefit to the HPID regulations. DHCS has already resolved all payer identification problems within Medi Cal; any changes would result in unwarranted expense as well as the potential for new problems. As previously mentioned, funding and access to benefits are primary considerations when any regulation or project is undertaken at DHCS.

A process is in place today that works for all parties. DHCS generally refers to itself by Tax Identification Number (TIN), and the TIN is provided to trading partners via program-specific Companion Guides. As you may know, Companion Guides are the documents that provide the structure to create transactions. Certain DHCS program areas that have specialized adjudication rules, such as behavioral health, use identifiers that are specific to that program. DHCS expects managed care organizations (MCOs) to identify themselves using a composite identifier that includes a three-digit prefix from the DHCS-MCO agreement followed by the plan's TIN. These payer identifiers effectively describe the origin, receiver, and corresponding relationship for all applicable HIPAA transactions.

Given the intricate ecosystem that the propagation of partner-specific, non-standard proprietary and legacy payer IDs has created, it is clear that, as a given stakeholder transitions to HPID, there would be ripple effects throughout the system. All immediate trading partners (Managed Care Plans, FFS Medi-Cal Providers, Dental Providers, Alcohol Drug and Mental Health Providers, Clearing Houses, and Regional Clearing Houses) as well as entities both upstream and downstream, may need to update their databases, applications and processes.

The healthcare industry has long ago solved the routing issues, as noted by WEDI, that were prevalent before moving to use of electronic transactions under HIPAA. Providers, payers and

clearinghouses have worked through identifying the entities to move the transactions from provider to payer and vice versa as necessitated by the adoption of electronic transaction standards.

The current identification scheme used by DHCS meets all known business needs. Trading partners are able to differentiate Medi-Cal from other payers, and DHCS is able to distinguish submitters as well. Systems on both ends have been tuned around the current scheme, and no business issues or impediments have been identified. Furthermore, analysis indicates implementation of the HPID would adversely affect both DHCS and its trading partners since the existing framework works well.

DHCS has no business needs in this area, so the model established in the final HPID rule, as it currently stands, adds little value.

In conclusion, while DHCS is very supportive of national standards, we have solved the identification issue in the way previously described and are concerned that the regulations, as proposed, will create a significant burden on the overall system and to our trading partners.

DHCS recommends HHS maintain the existing enforcement discretion and work to rescind regulations pertaining to the establishment and use of a national health plan identifier.

Thank you for the opportunity to testify.