Statement by Mr. Daniel (Danny) Sawyer
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on Behalf of the Military Health System (MHS)

to the National Committee on Vital and Health Statistics, Subcommittee on Standards
By Invitation on the Subject of Health Plan Identifier (HPID)

3 May 2017

Overview and Introduction

Thank you for inviting me to present about the HIPAA Health Plan Identifier (HPID) initiative, on behalf of the Military Health System (MHS) and as a representative of the Defense Health Agency (DHA). My name is Danny Sawyer, and I am the Chief of Business Information Management for the Defense Health Agency. One of my responsibilities is leading the Military Health System (MHS) enterprise in preparing for, facilitating implementation of, and compliance with HIPAA Administrative Simplification Transactions, Code Sets, and Identifiers (TCS&I) initiatives. The successful implementation of adopted and mandated HIPAA TCS&I initiatives across the MHS enterprise is a large undertaking that requires significant financial and human resources.

The MHS is the enterprise within the United States Department of Defense that provides healthcare and healthcare services for approximately 9.5 million beneficiaries; including active duty, retired U.S. Military personnel, their dependents, as well as some other categories. The MHS serves our beneficiaries by providing services in DoD owned medical treatment facilities (Direct Care) as well as providing services through the private sector (TRICARE Health Plan). The MHS functions as both a provider of care (HIPAA covered provider entity) and as a health care plan (HIPAA covered health plan entity). DoD healthcare is identified in the text of HIPAA, though with other terms.

For my testimony; I was asked to address the following topics, and I will answer each in the order they were asked:

1. What health plan identifiers are in use today and for what purpose?

2. What business needs are not adequately met with the current scheme in use today?

3. What benefits does the current HPID model established by the Department of Health and Human Services (HHS) regulation provide? Does the model established in the final HPID rule meet business needs?

4. What challenges exist with the current HPID model established by HHS?

5. What are recommendations going forward regarding health plan identifiers and an HPID final rule established by HHS?

Body of Testimony

1. What health plan identifiers are used today and for what purpose?

As I mentioned in my overview and introduction, TRICARE is both a HIPAA covered provider entity and a health plan entity. Because of this, I will answer this question from both perspectives, and in terms of use in HIPAA adopted transactions.

- TRICARE as a Covered Provider (Direct Care):

  In Referrals/Pre-authorization Request/Response conducted between Direct Care Military Treatment Facilities (MTFs) and TRICARE Managed Care Support Contractors (MCSCs) acting as Utilization Management Organizations (UMO) –

  o The Direct Care MTFs use the MHS' Referral Management System (RMS) to submit referral requests to TRICARE MCSCs via the HIPAA X12 278 transactions.
  o The referral requests identify the respective TRICARE MCSC, which acts as the UMO, using a unique plan identifier established by the TRICARE MCSC.

- o The referral transaction responses also identify the respective TRICARE MCSC using a unique plan identifier established by the TRICARE MCSC.

In Claims submitted from Direct Care MTFs to commercial Third Party Payers --

- o The Defense Manpower Data Center (DMDC) Defense Enrollment and Eligibility Reporting System (DEERS) maintains a list of Health Insurance Carrier (HIC) codes of the Other Health Insurance (OHI) third-party payers whose members have received care in MTFs and/or whose members are also TRICARE beneficiaries. The HIC codes identify the payer name, the type of coverage, and the HIC codes map to a list of the applicable payer billing addresses for submission of paper claims.
- o When an MTF seeks reimbursement for care delivered to an individual who has OHI, the claim transaction includes the applicable HIC code from the MTF billing system to the claims clearinghouse.
- o For compliant claims to be submitted electronically, the MHS utilizes claims clearing house services to facilitate submission and routing of such claims, which includes mapping to any additional plan identifiers or routing information required for submission to the third party payer.

- TRICARE Transactions Between DoD Business Associates:

In Benefit Eligibility Inquiry/Response conducted between TRICARE MCSCs and DMDC DEERS --

- o DMDC manages a list of Health Care Delivery Program (HCDP) codes that define and identify the various TRICARE plans/programs for which TRICARE beneficiaries could be eligible.
- o TRICARE MCSCs regularly inquire to DMDC to identify or confirm the specific TRICARE program in which a specific beneficiary is eligible or enrolled.
- o DEERS returns to the MCSC the applicable HCDP code(s) that apply to the beneficiary.
- o MCSCs map or convert HCDP codes as necessary for external communications.

In Beneficiary Enrollment in TRICARE conducted by TRICARE MCSCs using the DEERS Online Enrollment System (DOES) --

- o TRICARE MCSCs complete the enrollment process on behalf of TRICARE beneficiaries using the web-based DEERS Online Enrollment System (DOES) which supplies TRICARE enrollment information to the Defense Manpower Data Center (DMDC) Defense Enrollment and Eligibility Reporting System (DEERS). Note that DMDC is a DoD office but is not under or a part of DHA, but that DHA pays DMDC for support.
- o DOES displays the applicable HCDP codes corresponding to the TRICARE plans/programs for which a respective beneficiary is eligible.
- o The TRICARE MCSC completes and submits the DOES online enrollment information including the respective HCDP code corresponding to the TRICARE plan/program in which the respective beneficiary is enrolling.

- TRICARE Transactions between Non-DoD (Private Sector Care) Providers and TRICARE MCSCs

- o TRICARE MCSCs transact the full set of HIPAA adopted transactions.
- o TRICARE allows the respective TRICARE MCSCs to define appropriate payer identifiers needed to satisfy business needs, which is consistent with how DHA manages contractor activities. The four TRICARE Manuals (Operations, Policy, Reimbursement, and Systems) define requirements that the TRICARE MCSCs must meet, but the Manuals are generally not prescriptive for how each TRICARE MCSCs must execute the requirements.
- o The TRICARE Health Plan has not defined a set of payer identifiers for use by the TRICARE MCSCs and the private sector care providers who deliver care to TRICARE beneficiaries.
- o As I understand, the TRICARE MCSCs have each established two payer IDs for use in HIPAA transactions with non-DoD providers – a code identifying the TRICARE MCSC's Fiscal Intermediary (FI) subcontractor, and a code indicating the applicable

TRICARE region (there are currently three TRICARE Regions in the U.S.: North, South, and West). The TRICARE Dental program MCSCs also each have their own payer identifiers for transactions with non-DoD dental providers.

o This payer identifier approach has been successful and working for TRICARE.

2. What business needs do you have that are not adequately met with the current scheme in use today?

None. We have not identified any unmet business needs related to our current use of Payer or Plan identifiers.

3. What benefits do you see the current HPID model established by the HHS regulation provide? Does the model established in the final HPID rule meet your business needs?

We did not find specific benefits to our business processes as associated with the HPID model established by the 5 September 2012 Final Rule. Based on functional business process workgroup engagement within the MHS, we determined that existing identifiers were working and effective, and we did not identify specific challenges for which HPID may provide added benefit. The model established in the HPID final rule appears to take an existing and functioning process and interject a level of uncertain use and value-added for organizations.

4. What challenges do you see with the current HPID model established by HHS?

The HPID model, as identified by Rule, leads to a level of uncertainty and some industry confusion. We had questions in our internal workgroups about intended use, and to what level of specificity was needed and appropriate. We saw and heard there were similar questions by others in the U.S. healthcare industry. The HPID model, as was prescribed, did not appear to resolve an existing problem and would require substantial work and resources to implement. After receiving and reviewing the HPID Rule; I began facilitating workgroup meetings with DHA Direct Care and Purchased Care stakeholders to assess functional business process impacts associated with replacing existing payer identifiers with the Health Plan Identifier (HPID), develop requirements,

evaluate systems implications, request cost estimates, etc. Based on initial assessments, the cost estimate for implementing HPID for the MHS enterprise would have been approximately $9.1 million in systems costs, which did not include costs for DHA to pay TRICARE Managed Care Support Contractors for work associated with the change or for the man-hour costs of DHA program management and workgroups. We would have met compliance, but this appeared to be a compliance effort that didn't provide the MHS any direct or known benefit.

5. **What recommendations do you have going forward regarding health plan identifiers and an HPID final rule established by HHS?**

I recommend HHS not require implementation of HPID in HIPAA adopted transactions as currently prescribed, and take the time and actions necessary for the healthcare industry to determine if there is an HPID issue (current or on the horizon) that requires a nationwide solution toward providing administrative simplification.

Closing Salutation

Thank you. It has been my pleasure to present this information to you today on the topic of the HIPAA Health Plan Identifier initiative, and on behalf of the Military Health System and the Defense Health Agency. A "Medically Ready Force … Ready Medical Force".