

**National Committee on Vital and Health Statistics (NCVHS)  
Subcommittee on Standards**

**Hearing on Health Plan Identifier  
May 3, 2017**

**Testimony from the American Medical Association**

**Submitted by Heather McComas  
Director, Administrative Simplification Initiatives**

On behalf of the physician and medical student members of the American Medical Association (AMA), we appreciate the opportunity to provide testimony on use of the Health Plan Identifier (HPID) to the National Committee on Vital and Health Statistics (NCVHS). Our comments reflect the AMA's overall goal of reducing administrative burdens in health care so that physicians can focus on what matters most—quality patient care.

When originally created under the Health Insurance Portability and Accountability Act (HIPAA), the goal of HPID implementation was to improve payer identification and support proper routing of electronic health care transactions. Although the AMA was initially supportive of using the HPID and Other Entity Identifier (OEID) in electronic transactions in hopes of increasing transparency regarding the various entities that play a role in the health care revenue cycle, we now believe that inclusion of the HPID/OEID in transactions would offer minimal value to providers and could result in harmful disruptions in current well-functioning processes. However, we do continue to strongly support use of a health plan identification mechanism for health plan certification and transactional compliance enforcement.

**Use of HPID in Electronic Transactions**

Since the initial HIPAA legislation was drafted in 1996, the industry has achieved considerable improvements in the accuracy and efficiency of electronic transactional routing. As a result of these improvements, the current industry Payer ID-based system adequately ensures correct transactional routing and delivery. Incorporation of the HPID into electronic transactions could lead to misrouted transactions, privacy breaches, and payment interruptions—essentially breaking a system that is presently working. Given the potential disruption to the current functional routing system and the lack of any clear benefit of HPID implementation for physicians or the industry as a whole, we do not support inclusion of the HPID in electronic transactions.

### **Shortcomings of the HPID Final Rule and Planned Implementation**

With our initial support of the HPID proposed rule, the AMA provided a detailed description of how the HPID and OEID could be used in standard electronic transactions to identify all entities playing a role in health care delivery and payment. However, the final rule only requires that the HPID be used if an entity is identifying itself as a health plan in a standard transaction and does not require use of the OEID by other entities playing a role in health care transactions. Furthermore, some health plans have indicated that they will be obtaining upwards of sixty HPIDs based upon advice from their legal departments. This level of enumeration would result in confusion rather than clarity for physicians and require complex mapping of current Payer IDs to HPIDs in practices' billing systems. This added complexity is in stark contrast to the intended objectives of the original legislation and the goals of administrative simplification.

Additionally, the Centers for Medicare and Medicaid Services (CMS) indicated that there will not be a publicly available look-up database for HPIDs/OEIDs for at least the initial implementation period. Without such a tool, providers will have no way of validating HPIDs, which may result in further administrative burdens and confusion. These additional details regarding HPID implementation underscore the AMA's belief that the transition would increase provider burdens without a compensatory benefit in increased transparency.

### **Usage of HPID Outside of Standard Electronic Transactions**

Along with inclusion of the HPID in electronic transactions, CMS has also indicated that the identifier would be used as an enumeration tool to facilitate health plan certification. The AMA strongly advocates for increased health plan accountability for proper implementation and use of the HIPAA standard transactions and associated operating rules. If CMS determines that the HPID is a necessary component of health plan certification, the AMA would support its usage in this manner. However, the industry requires clarity regarding utilization of the HPID for purposes other than transactional routing.

### **Recommendations**

In light of the significant implementation risks, the lack of offsetting benefits, and the overall adequate functionality of the current Payer ID-based routing system, the AMA believes that the HPID should not be incorporated into electronic transactions. While increasing accountability and eliminating ambiguity in health plan processes is an important goal, the AMA does not support the currently proposed implementation of HPID, with its corresponding risks to efficient claims adjudication and payment. **The AMA urges NCVHS to reiterate the position stated in its September 23, 2014, letter and recommend that CMS eliminate use of the HPID in electronic transactions.**

However, the AMA remains supportive of health plan identification and enumeration for other uses, such as in the proposed health plan certification rule, health plan auditing, and transaction compliance enforcement. These other potential uses still offer significant benefits to the industry without the potential for systemic breakdowns involved in using the HPID in electronic transactions. **The AMA recommends that NCVHS ask CMS to clarify whether the HPID will be required for health plan certification and other related compliance-focused activities or if an alternate form of enumeration will be used.**

Thank you for the opportunity to comment on this important topic. If you have any questions or wish to discuss this issue further, please contact Heather McComas, Director, AMA Administrative Simplification Initiatives, at [heather.mccomas@ama-assn.org](mailto:heather.mccomas@ama-assn.org) or 312-464-4792.