Health Plan Identifier Update

The Affordable Care Act\(^1\) includes a provision called Administrative Simplification, which broadens existing requirements under the Health Insurance Portability and Accountability Act (HIPAA) of 1996. Administrative Simplification sets standards and operating rules for how issuers like Blue Shield of California and other covered entities interact with providers, particularly regarding electronic transactions of information. The goal of these requirements is to ultimately reduce costs by streamlining transactions and making existing standards work more efficiently.

The following information is provided for general use.

The Health Plan Identifier

As part of the Administrative Simplification requirements, all entities who meet the definition of health plan must obtain a health plan identifier (HPID).

The Administrative Simplification final rule regarding HPID includes new definitions that will be important to self-funded plans: controlling health plan and sub-health plan.

From the rule:

Controlling health plan (CHP) means a health plan that:

1. Controls its own business activities, actions or policies; or
2. [Meets the following conditions:]
   (i) Is controlled by an entity that is not a health plan; and
   (ii) If it has a sub-health plan(s) (as defined in this section), exercises sufficient control over the sub-health plan(s) to direct its/their business activities, actions, or policies

Sub-health plan (SHP) means a health plan whose business activities, actions or policies are directed by a controlling health plan.

Self-funded Plans

A self-funded plan is a health plan as defined by HIPAA. As a controlling health plan, self-funded plans will be required to obtain an HPID even if the plan does not conduct any of the electronic transactions and the HPID will not be used for this purpose. Based on our understanding, most self-funded plans will meet the definition of a CHP and need to obtain an HPID. The final rule indicates that the HPID may be used for any other lawful purpose, so it’s possible that federal agencies will require an HPID to be reported by self-funded plans for other purposes.

A self-funded plan that is an SHP plan may obtain an HPID but is not required to do so.

The deadline for obtaining an HPID is Nov. 5, 2014\(^2\). To help health plans, the Center for Medicare and Medicaid Services (CMS) created an HPID website that has information about HPID, including videos and presentations. The site also includes details about the Health Plan and Other Entity Enumeration System (HPOES). This is the system that a self-funded health plan will use to obtain an HPID.

Self-funded plans that have specific questions are urged to contact their legal counsel.

Fully Insured Groups

Fully insured groups that purchase health insurance through Blue Shield of California are not likely to be considered a health plan by HIPAA and are not required to obtain a Health Plan Identifier (HPID). If you are unsure if you qualify as a health plan as defined by HIPAA, guidance available on the CMS Website may be referenced.

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1. The Patient Protection and Affordable Care Act, Public Law 111-148, was enacted on Mar. 23, 2010. The Health Care and Education Reconciliation Act, Public Law 111-152, was enacted on Mar. 30, 2010. They are collectively known as the Affordable Care Act.
2. Small health plans have until Nov. 5, 2015 to obtain an HPID. A small health plan is one with annual receipts of $5 million or less. (45 CFR 160.103)
Blue Shield of California's Response

As a Controlling Health Plan, Blue Shield of California (BSC) must comply with these mandated requirements. BSC has obtained an HPID and is compliant with the November 5, 2014 date. BSC will not be applying for any HPIDs on behalf of any of our Self-Funded Plans or Fully Insured Groups.

The second part of the Rule requires the use of the HPID in the HIPAA standard transactions by November 2016. BSC will be assessing the implementation of the HPID in the standard transactions in 2015.

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