

HHS Proposes to Rescind Adoption of HDIP

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Introduction

On December 19, 2018, the Department of Health and Human Services (HHS) issued proposed regulations to rescind the requirement that employers and plan sponsors obtain and use a unique health plan identifier (HPID).

Background

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) required HHS to adopt a standard unique health plan identifier, to standardize the electronic transmission of certain health information. The goal of the requirement was to increase the efficiency and effectiveness of the healthcare system and to decrease the clerical burden on patients, providers, and health plans.

HHS issued a final rule on September 5, 2012, adopting the HPID as the standard unique identifier for health plans. The final rule required all covered entities to use an HPID whenever the covered entity identified a health plan in a covered transaction.

Most employers that sponsor health plans rarely process electronic transactions subject to the final rules. For example, most self-funded employer plans contract with a third-party administrator who handles claims, eligibility, and reimbursement transactions for the plan. For these employers sponsoring self-funded group health plans, taking the following steps was necessary to comply with the 2012 final rule:

1. Obtaining a HPID; and
2. Obtaining assurances from plan administrators and vendors that processed transactions for the plan that they had completed a required testing process and had received the necessary certification from HHS.

For employers with fully-insured group health plans, the compliance obligation rested on the insurance carrier.

The regulations required large health plans to obtain an HPID by November 5, 2014. Small health plans (with annual receipts of \$5 million or less) had until November 5, 2015, to register for an HPID. However, shortly before the first deadline, HHS announced a delay in enforcement of the regulation. HHS had not provided any further guidance until these proposed rules were issued last month.

What the Proposed Rules Say

According to the proposed rules, stakeholder feedback, via hearings held by the National Committee on Vital and Health Statistics (NCVHS) and responses to a request for comment (RFI) issued in May of 2015, indicates that stakeholders are overwhelmingly opposed to the HPID. Health providers and payers have argued that mechanisms for the exchange of information between providers and payers are already in place, and that the HPID is no longer compatible with industry best practices. In addition, industry stakeholders have indicated that implementing the HPID would be costly, complicated, and burdensome and could create additional errors. Stakeholders also expressed significant confusion about the compliance requirements for self-funded health plans that did not conduct their own standard transactions.

Based on this feedback, HHS made the decision to issue these proposed rules rescinding the requirement altogether.

If the proposed rules are finalized, HHS proposes to deactivate each HPID record in the Health Plan and notify the manager of record at the current email address in the system.

Summary

After a long period of silence and uncertainty, this new proposal is welcome news for many employers who have been in limbo since 2014. HHS does note that the legislative directives still require that it adopt a standard unique health plan identifier, and that if the rescission goes forward, it will continue to work with industry on other solutions to meet those requirements. So this isn't over yet; but at least one confusing piece may soon be resolved, and employers will not need to worry about the HPID number for now.

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