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Health Plan Identifier (HPID) FAQs and Employer Action Steps

A few weeks ago we issued an *HCRAAlert!* ([2014.09.22 HCRAAlert](#)) about the pending HPID application requirements for “large” plans, recommending that employers delay actually applying for the 10-digit identification number until CMS clarified a number of items. CMS now has issued Frequently Asked Questions (FAQs) guidance and a quick reference guide ([HPIDQuickGuideSeptember2014.pdf](#)) to clarify how employers complete the application process.

This issue of *HCRAAlert!* reviews the key points of the HPID requirement based on the FAQs. It is of special importance to employers with self funded “large” plans who must obtain the HPID by **November 5, 2014**.

Overview

Health care reform added the requirement that the sponsor of a Controlling Health Plan (CHP) must obtain a HPID – a CHP is defined as a health plan that controls its own business activities (e.g., insured plan) or is controlled by an entity that is not a health plan (e.g., employer sponsoring a self funded health plan). **The intent of the unique HPID is to streamline the routing, review and payment of electronic transactions between carriers, administrators, and health care professionals. HIPAA standard transactions include, but are not limited to, the submission and payment of medical, prescription drug, and dental claims, eligibility and enrollment, and premium payments. Health plans will apply for their HPID through the Centers for Medicare and Medicaid Services ([CMS Enterprise Portal](#)).**

Which employers must obtain an HPID?

Employers who sponsor a self funded medical, pharmacy, dental, vision and/or stand-alone HRA must obtain a HPID. The FAQs clarified that:

- Health FSAs and HSAs do not require a HPID;
- An HRA limited to reimbursement of health plan cost sharing expenses (copays, coinsurance, deductibles) does not require a HPID. However, a stand alone HRA that reimburses services not covered by the health plan, such as alternative medicine or cosmetic services, must obtain a HPID.

For employers with multiple self funded health plans, it appears one health plan should be considered the CHP and the others should be sub health plans (SHP) that are “controlled” by the CHP. The reason is the CMS system only allows one HPID application per EIN.

The insurer is responsible for obtaining a HPID for the insured health plans it issues – the employer does not have a HPID responsibility for its insured health plans.

When must employers sponsoring self funded health plans obtain a HPID?

The timing still depends on the claims costs (the regulations call them “receipts”) of the health plans:

- A “large” health plan, which has claims costs for the last full plan year of at least \$5 million, must obtain the HPID by **November 5, 2014**.
- A “small” health plan, i.e., less than \$5 million paid claims, has an additional year to apply for a HPID.

The FAQs confirmed that non-claim costs, such as administration fees and stop loss premiums, are excluded from the \$5 million amount. Other key points in determining whether an employer sponsors a “large” health plan:

- Insured plans should use total premiums paid during the last full plan year;
- Self funded health plan receipts include the sum of the claims costs for all health plans (including stand alone HRA) included in the CHP; and,
- Health plans with both insured and self funded plans should combine the insured premium and the self funded plan claims costs to determine prior plan year plan costs.

This last point can surprise some employers who insure their medical plan but self fund a dental or vision plan. For example, if an employer has prior plan year insured medical plan premiums of \$4.7 million and self funded dental and vision claims of \$400,000, the employer is considered sponsoring a “large” health plan because the total spend is \$5.1 million. In this example, the employer needs to apply for a HPID for the dental and vision plans.

Applying for the HPID

Our September 22 *Alert* plus the CMS guide provided by a link in this *Alert* offer a step-by-step guide to the application process. Trion cannot complete the application process on your behalf due to some employer-specific information and authorizing employee requirements. We do recommend you now begin the application process as soon as possible because it has been taking a week or more to complete all of the input and notifications through the CMS portal.

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