

September 12, 2014

Re: Health Plan Identification Number

Dear Friend of KBA,

As you are most likely aware, the Affordable Care Act (“ACA”) requires that certain health plans obtain a 10-digit Health Plan Identifier (“HPID”). This number will be used in electronic transactions, such as claim submissions or premium payments, between insurance carriers, third party administrators such as Key Benefit Administrators, Inc. (“KBA”), health care providers and financial institutions. An insurance carrier will obtain the HPID for its use with fully insured clients. Qualifying self-funded health plans must obtain the HPID directly.

The number one question we have been asked is whether KBA can file for the HPID for you. Unfortunately, KBA may not complete the application process for you. We wish we could, but the instructions require the CHP sponsor employer to complete the application process. That being said, the following will help you navigate this issue and the filing requirements.

The requirement to obtain a CHP applies to self-funded plans with more than 50 participants. There are two types of health plans in the rules that may require a CHP, a “Controlling Health Plan” and a “Subhealth Plan”:

- Controlling Health Plan (“CHP”) is one that either controls its own business activities or policies, or is one that is in control of a Subhealth plan such that it exercises sufficient control over it to direct its business activities or actions. HHS applies two tests to see if your plan is a CHP:
  - Does the entity (the plan) itself provide or pay for medical care?
  - Does either the entity itself or a non-health plan organization control the business activities, actions or policies of the entity?

It should be evident that your plan pays for medical care and that as an employer (a “non-health plan organization”) you have ultimate control over the health plan. This would make your plan a CHP.

- Subhealth Plan (“SHP”) is one that is controlled by a CHP and does not meet the criteria to be a CHP. A SHP does not have to file for a separate CHP.

Only a CHP need file for an HPID, but it can require a SHP to obtain one if it desires.

Flexible spending account plans are included in the definition of a “health plan” so if they meet the definition of a CHP they will also need a separate HPID. Health reimbursement accounts (“HRA”) are also “health plans” by definition. If an HRA is paired with a fully insured plan, it

will most likely need its own HPID. However, if the HRA is paired with a self-funded plan, it is most likely a “SHP” and not required to file for a HPID.

There are two very different time frames for a CHP to obtain its HPID.

- For a “large” health plan with annual “receipts,” meaning paid claims in the prior plan year of \$5 million or more, the filing deadline is November 5, 2014.
- For a “small” health plan with annual receipts of less than \$5 million in the prior plan year the deadline is November 5, 2015. You do not have to worry about this process this fall.
- If your self-funded plan has not yet had a renewal you may wait until 2015 to file for the HPID.

If you were with KBA at your last renewal, our Client Services team provided you with a year-end report as to the total claims paid by your plan prior to stop loss reimbursement. If we also managed your prescription drug program, you would also have received a report of paid claims for prescription drugs. Adding these two numbers together will tell you if your plan was a “large” health plan that paid over \$5 million in claims in the prior year. If you need help with this number, please contact your Client Services representative.

There are multiple steps in the HPID application process. These steps will require two of your company representatives. The first is a “Submitter” who initiates the application and supplies their social security number as an identifier. The second is an “Authorizing Official” who must approve the application.

To sign into the process an entity must first register for the national enumeration system known as the “Health Plan and Other Entity Enumeration System” (HPOES) which assigns the HPID through an online process. HPOES is, in turn, part of the Health Insurance Oversight System (HIOS). Your company registers for HIOS by going to the CMS website:

<https://portal.cms.gov/wps/portal/unauthportal/home/> or use your browser to search for “CMS Enterprise Portal.” Once in the CMS portal look to the right to start the personal registration process.

You can access CMS instructions on how to file for the HPID by looking for the block at the very top right of the CMS Portal page where it says “Learn about your healthcare options.” Enter the initials “HPID” and hit “enter” to go to the CMS training site. You can also find links to a YouTube video, a slide presentation, and a manual on the process at <http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Health-Plan-Identifier.html>

The HPID application process cannot be completed in one day. The process will entail completing a portion of the application, then signing out of the application system to wait for an email that contains an approval code. Then the process will continue. CMS promised that the approval code would be available in 24 hours after completing the first part. However, that is not the case. CMS is significantly backed up and not meeting the 24 hour turn around so plan on starting the process fairly soon.

Once the actual process begins the program asks for company information, “Authorizing Official” information and what is called the plan’s “NAIC” number. Your plan does not have a NAIC number as those are used to identify insurance carriers. It is suggested that you put the plan sponsor’s EIN in that block.

Please let us know how we can be of further service in the process (other than doing the filing for you – and we wish we could but we can’t ☹).

Sincerely yours,

Wallace T. Gray, JD, MBA  
General Counsel