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# Time is Running Short for Large Self-funded Employers to Obtain a HIPAA HPID Number

Issue Date: October 13, 2014

Time is running short for large self-funded employers to acquire a Health Plan ID Number (HPID) as required by HIPAA and the ACA. Employers who sponsor large health plans must obtain at least one Health Plan ID Number (HPID) by November 5th, 2014. A large self-funded employer health plan is generally defined as a plan that had more than \$5 million in claims paid during the previous plan year.

Employers who sponsor self-funded "small health plans" have until Nov. 5, 2015 to acquire an HPID number. Employers who sponsor fully insured plans are not required to obtain an HPID. The carrier which insures the plan is responsible for the HIPAA transaction rules on behalf of the fully insured plan.

## Background

Most employer sponsored group health plans are considered Covered Entities, and are subject to the HIPAA privacy, security, and transaction rules. HIPAA requires Covered Entities to conduct certain transactions electronically using standards set by the Centers for Medicare and Medicaid Services (CMS). Generally, an employer health plan contracts with another entity to process their plan's HIPAA transactions. For example, most self-funded employer plans contract with a third-party administrator who handles claims, eligibility, and reimbursement transactions for the plan.

Employers who sponsor self-funded health plans must complete certain steps to comply with the HIPAA HPID rules:

1. All employers with self-funded health plans will be required to obtain an HPID from CMS.
2. Employers will need to get assurance from plan administrators and vendors who process transactions for the plan that the vendor has gone through a required testing process, and has received the necessary certification from CMS. All health plans, large and small, must then certify to CMS that the plan is in compliance with certain standard transaction rules by December 31, 2015, or within one year of obtaining their HPID number, whichever is later.

## When Does an Employer Need to Get their HPID Number(s)

Large health plans must obtain an HPID by November 5, 2014. Small health plans (with annual "receipts" of \$5 million or less) have until November 5, 2015 to register for an HPID.

### DETERMINING SMALL HEALTH PLAN STATUS

When determining small plan status, an employer must consider a number of factors. The Department of Health and Human Services (HHS) provided informal guidance on this issue in 2002, but formal regulations were never issued.

- Fully insured health plans should use the amount of total premiums which they paid for health insurance benefits during the plan's last fiscal (i.e. plan) year
- Self-insured plans should use the total amount paid for health care claims during the plan's last full fiscal (i.e. plan) year. A separate HHS Q&A noted that "the premiums or amounts paid for stop-loss insurance by an employer or sponsor of a self-insured plan should not be included."

## Obtaining the HPID

All self-funded health plans must obtain an HPID from HHS, even when the employer's plan is not directly handling HIPAA transactions. Fortunately, CMS has released guidance clarifying that employers are not required to obtain an HPID for most HRAs and Health FSAs.

HPIDs are obtained through CMS's Health Plan and Other Entity Enumeration System (HPOES). HPOES is housed within the CMS Health Insurance Oversight System (HIOS). To apply for an HPID, employers must complete a number of steps:

- First, the employer must create an account in the CMS Enterprise Portal to obtain a user ID and password. This is a separate process and system which will verify the user's identity and ensure that only authorized/registered users will have access to protected information and systems.



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- Second, the employer selects the link within the CMS portal to register for HIOS. Registering in HIOS may take up to 48 hours to complete as it involves CMS review of submitted information.
- After registering in HIOS, employers use HPOES to apply for the HPID.

Recently CMS removed the requirement that an authorizing official from the employer must approve the application for the HPID. This means that only one individual is required to register on the CMS portal to acquire a number for an organization. Prior to this change both a submitter and an authorizing official were required to register with CMS for each organization.

CMS has established a website where health plans can register and obtain their HPID. The site lists steps the employer must take to provide information about the plan sponsor and plan. The CMS site can be found at: <http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Health-Plan-Identifier.html>.

## Summary

While it is good news that CMS has removed the requirement to register an authorizing official, the process of acquiring an HPID number still requires the employer to complete a number of steps on three different CMS systems. With November 5th fast approaching, employers who sponsor large health plans should start this process immediately to ensure that they acquire their HPID by the deadline.

## Let us help you acquire your HPID Number

With time running short for large employers to apply for their HPID number, PS&F now offers a service to acquire the number for your plan. Our relationship with Benefit Comply means they will only charge \$450. The normal fee is \$750. Note that Benefit Comply must have the required information by Wednesday October 29th to ensure that the HPID number will be approved by the November 5th deadline, so act fast if you are a large plan and need help.

For \$1,000, assistance is also available to get through the entire certification process next year, including proof of HIPAA certification from your claims administrator and filing certification with HHS.

For more information on Benefit Comply's HPID services go to <http://benefitcomply.com/hpid-number-and-certification-service>.

*As always, should you have any questions, please contact your Parker, Smith & Feek Benefits Team.*

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