

FYI[®] Alert

For Your Information[®]

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Additional Guidance on HPID Requirements for Self-Insured Plans

Sponsors of self-insured large health plans must apply for an HPID for each controlling health plan by November 5, 2014. Guidance issued yesterday confirms that employers can obtain just one HPID for each ERISA plan.

Background

A “controlling health plan” (CHP) is required to obtain a health plan identifier (HPID) to use on all standard transactions conducted by the plan and its business associates. Large health plans (for self-insured plans, generally those that paid more than \$5,000,000 in claims during the plan’s last full fiscal year) must obtain their HPIDs by November 5, 2014. Small plans have an additional year to comply. All health plans must use the HPID in standard transactions by November 7, 2016. (See our [August 26, 2014 For Your Information](#).)

The HPID regulations define a CHP as a health plan that either controls its own business activities and policies, or is controlled by a non-health plan and, if it has a subhealth plan (SHP), controls that plan’s activities. A SHP, in turn, is defined as a health plan whose business activities, actions, or policies are directed by a CHP. An SHP does not need an HPID.

Some employers maintain a single, self-funded plan for several types of coverage such as medical, dental, and vision with separate claims administrators. Others maintain multiple plans (e.g., separate plans for actives and retirees or different classes of active employees). It was unclear what “plan” would be considered a CHP (which must have an HPID) and what “plan” would qualify as a SHP (for which an HPID is optional).

Use of ERISA Plan for HPID

In updated [FAQs](#) posted yesterday, the Department of Health & Human Services (HHS) confirmed that “a plan sponsor may choose to obtain just one HPID for each ERISA plan.” For employers not subject to ERISA, a similar

HIPAA standard transactions include the following:

- Claims and encounter information
- Eligibility and benefit inquiries and responses
- Payment and remittance advice
- Benefit enrollment and disenrollment
- Referrals and authorizations
- Claims status requests and responses
- Premium payments

approach can be adopted “if they sponsor wrap plans or similar multiple-benefit arrangements that they treat as a single plan.” Alternatively, an employer can also obtain separate HPIDs for each benefit in an ERISA plan.

Comment: The ability to treat an ERISA plan as a CHP with single HPID will greatly ease the HPID application process for employers. CHPs must also certify compliance with electronic transactions by December 31, 2015. Fewer HPIDs should also help with that compliance requirement.

The FAQs also confirm that a health plan can delegate the application process to a third party such as a TPA, vendor, or consultant.

Plans Not Subject to the HPID Requirement

The updated FAQs confirm that the following plans are not required to obtain an HPID:

- Healthcare flexible spending accounts (FSAs)
- Health savings accounts (HSAs)
- Health reimbursement arrangements (HRAs) that are integrated with another medical plan or that cover only deductibles and/or other out-of-pocket expenses
- Cafeteria plans

In Closing

HHS has not changed the November 5, 2014 deadline for large health plans to obtain an HPID. The application process can take several days or more to complete, so plan sponsors who have not started the application process in hopes of a delay should start immediately.

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