

## ***HEALTH LAW ALERT***

***April 10, 2012***

### **Unique Health Plan Identifier Proposed Proposal to Delay Deadline for ICD-10 Compliance for One Year**

Yesterday, the Department of Health and Human Services (HHS) published a proposed rule that would require health plans to obtain and use a unique health plan identifier, similar to the National Provider Identifier that health care providers are required to use. Covered entities would be required to use the health plan identifier in all standard transactions by October 1, 2014. The proposed rule would also postpone the compliance deadline for the use of ICD-10 codes for one year, until October 1, 2014.

The proposed rule will be published in the *Federal Register* next week (April 17). Comments on the adoption of the health plan identifier, ICD-10 compliance date, and other issues addressed in the proposed rule are due within thirty days (about May 17, 2012). HHS expects to publish a final rule in time for health plans to apply for their unique health plan identifier (HPID) by October 1 this year.

#### **Health Plan Identifier**

Although some commenters urged HHS to require a unique HPID for each benefit plan issued by a health insurer (or other health plan), HHS proposes to require health insurers and other health plans to obtain HPIDs as entities. Moreover, HHS proposes to allow insurers with one or more subsidiaries some flexibility in determining how many HPIDs it obtains. Generally, health plans that are not subsidiaries of other health plans (“controlling health plans”) will be required to obtain HPIDs, whereas health plans that are subsidiaries of other health plans (“subhealth plans”) may, but are not required to, obtain HPIDs. Thus, for example, an insurer that owns an HMO must obtain an HPID for itself. But the insurer may decide whether it makes business sense to obtain a separate HPID for its HMO.

In addition to the HPID, the proposed rule would establish an “other entity identifier” (OEID) to identify third party administrators, transaction vendors, clearinghouses, and other types of payers involved in standard transactions. Both the HPID and the OEID would be ten-digit numbers—no letters will be included. The first digit of the identifiers will indicate whether the identifier is for a health plan or another entity and the last digit will be a “check digit,” used to verify that the identifier is valid. The remaining digits will not have any “intelligence”—they will not be an indication of geographic location or any other characteristic.

The Affordable Care Act requires HHS to create the HPID, which is designed to address providers' "frustrat[i]ons with] various problems associated with the lack of a standard [health plan] identifier, such as improper routing of transactions; rejected transactions due to insurance identification errors; difficulty in determining patient eligibility; and challenges resulting from errors in identifying the correct health plan during claims processing." HHS anticipates that the HPID will "yield the most benefit for providers, while health plans will bear most of the costs."

## ICD-10 Deadline

Under the current regulatory scheme, covered entities must replace ICD-9 codes with ICD-10 codes on October 1, 2013. The proposed rule would delay that deadline until October 1, 2014, recognizing that at least 25% of health care providers are not expected to be ready by the original deadline. In February, HHS announced its intent to delay the ICD-10 deadline, but did not specify a new date. This proposed rule is the first step in the formal postponement process.

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