AMERICA'S HEALTH INSURANCE PLANS

IMPLEMENTATION OF THE HIPAA NATIONAL PROVIDER IDENTIFIER

TESTIMONY BEFORE THE NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS SUBCOMMITTEE ON STANDARDS AND SECURITY

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America's Health Insurance Plans (AHIP) is the national association representing nearly 1,300 health insurance plans providing coverage to more than 200 million Americans. Our members offer a broad range of products in the commercial marketplace including health, long-term care, dental, vision, disability, and supplemental coverage. Our members also have a strong track record of participation in Medicare, Medicaid, and other public programs. Virtually all of our members are covered entities for purposes of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and engage in HIPAA electronic health care transactions which will utilize the National Provider Identifier (NPI) standard.

I want to thank the National Committee on Vital and Health Statistics Subcommittee on Standards and Security for the opportunity to discuss the current status of the HIPAA NPI implementation among health insurance plans. My testimony will describe the issues that remain problematic as the health care industry works toward compliance. In addition, I will provide our recommendations for ensuring an effective transition for implementing and using HIPAA NPIs.

Planning for the NPI

Since the final HIPAA NPI regulations were issued by the Centers for Medicare & Medicaid Services (CMS) on January 24, 2004, health insurance plans have conducted extensive reviews to assess the impact of the NPI requirements and to change business processes to use the mandated identifiers. Health insurance plans have devoted significant resources to comply with the NPI requirements and have engaged in the following activities: evaluating software and systems that utilize, transmit or store

provider identifiers; developing "crosswalks" for business operations and systems to associate historic, legacy identifiers with the new HIPAA NPIs; conducting outreach to and education of providers; and communicating with business partners and governmental agencies about expectations for implementing the NPI requirements. In some cases, health insurance plans successfully began testing the use of HIPAA provider identifiers in electronic transactions conducted with trading partners.

Current Implementation Status

AHIP recently conducted an informal canvass of our members to gauge the current status of NPI implementation and to receive feedback about whether a significant number of health insurance plans believed that compliance with the requirements could be successfully achieved by the May 23, 2007 compliance date. Generally, the feedback that we received indicated that:

- Approximately 75% of the health insurance plans that responded identified themselves as large or national organizations that covered more than 250,000 lives.

- About 1/3rd of the responding plans estimated that they are between 60 – 100% complete in implementing plans to comply with the NPI requirements.

- About 40% of health insurance plans are currently testing the use of HIPAA NPIs in electronic transactions conducted with their trading partners.

However, while these results are promising and illustrate the commitment that health insurance plans have to meeting the regulatory compliance date, we are not confident that the HIPAA NPIs can be solely and successfully used in HIPAA-

covered electronic transactions by most covered entities on May 23, 2007. As my testimony will explain, even though health insurance plans and other entities have devoted significant resources to NPI implementation, a number of external factors have delayed implementation progress.

Release of the CMS Data Dissemination Policy

The lack of a CMS data dissemination policy has been a primary barrier to NPI implementation progress. When the final NPI regulations were released, CMS indicated that a Notice would be published in the *Federal Register* explaining whether HIPAA "covered entities" (which includes health insurance plans) would have access to or the ability to inquiry the National Plan and Provider Enumeration System (NPPES). This notice was also expected to explain the appropriate use and sharing of provider identifiers.

AHIP and other groups have communicated with CMS and publicly stressed the importance of the NPI data dissemination policy. Health insurance plans planned to use the NPPES information for building crosswalks to historic legacy identifiers. Crosswalks are an important component of NPI implementation by health insurance plans because they are being used as one of the most common methods in the industry to associate the vast number of historic provider identifiers to the new HIPAA NPIs. The crosswalks are a primary tool for ensuring that electronic transactions submitted on or after the compliance date can be processed timely and efficiently using the new identifiers.

Since release of the data dissemination policy has been delayed and plans still do not know whether they will be given access to NPPES data, health insurance plans have

been working with individual providers and provider groups to try to compile NPIs and correctly associate them with the historic identifiers. Needless to say, this has been a cumbersome and time consuming process and many health insurance plans are still attempting to gather and "crosswalk" this information.

The lack of a data dissemination policy has also created a significant amount of confusion and some resistance to share information within the provider community. Some health insurance plans have anecdotally reported that certain providers mistakenly believe that they should not release their NPIs to health insurance plans or other entities prior to sending HIPAA electronic transactions. While health insurance plans have been working with providers and educating them about the importance of sharing their NPI with the plans and insurers, some providers have remained reluctant to release NPI information because of the lack of agency guidance about how the identifier will be used and disseminated.

The inability to obtain NPI information from providers with whom the health insurance plan contracts or does business has limited the ability of plans to progress with their NPI implementation plans. The building of crosswalks has been hampered and many entities have been unable to test their crosswalks and HIPAA-covered electronic transactions before the NPI compliance date.

The CMS data dissemination policy should be released as soon as possible. All HIPAA covered entities need to understand the agency's expectations for the use and disclosure of NPI information by covered entities and with trading partners. It is unreasonable to expect entities to comply with the NPI regulatory requirements

by the current compliance date of May 23, 2007 without this critical information.

Provider Enumeration

AHIP appreciates the efforts of CMS and other industry stakeholders in educating providers about the NPI requirements. To date, it is generally believed that the level of provider enumeration has been lower than anticipated, although we recognize that actual NPI enumeration statistics are difficult to quantify because it is unknown how many providers will need NPIs for "subparts" within their respective organizations.

The issue of subparts has been problematic because providers may not fully understand how the NPI requirements apply to their practice and billing arrangements. This confusion may have caused some providers to appropriately seek out legal and professional advice but as a result has delayed many providers from applying for NPIs. Since only four months remains until the HIPAA compliance date, we anticipate that there will be a significant number of providers who receive NPIs on or near the compliance date.

As a result, what this means is that health insurance plans will not have adequate time to complete the building and testing of crosswalks that are essential for accurate electronic transactions processing. What is likely to happen is that transactions for a significant number of providers will be submitted to health insurance plans on or after the compliance date without any prior testing or assurance. In these situations, claims payment issues may result.

Health care providers should be required to receive their NPIs by the compliance date of May 23, 2007. However, we encourage HHS to allow a contingency period

for HIPAA covered entities that would give them until November 23, 2007 to begin using NPIs in electronic transactions. This reasonable but short period of time will allow HIPAA covered entities to work together to ensure that electronic transactions can be processed using the new NPIs.

Additional Education

Implementing the HIPAA NPIs requirements can only be achieved through ongoing education and assessment of the industry's compliance. As part of this strategy, we encourage **the NCVHS to schedule additional hearings in the fall of 2007 to re-assess whether covered entities will need any additional time to comply with the HIPAA NPI regulatory requirements.** This forum can also help identify "lessons learned" and help identify any outstanding issues which require additional clarification from the NCVHS or HHS.

Conclusion

As my testimony has explained, NPI implementation is almost complete. However, because of unforeseen barriers and unexpected delays, all covered entities would benefit from a short contingency period to ensure that NPIs are being used in electronic transactions.

Health insurance plans are committed to implementing the NPI requirements and support electronic processes which enable administrative simplification of electronic health care transactions as intended by the HIPAA statute. To achieve this objective, **I would like to restate AHIP's recommendations which encourage the NCVHS to recommend to HHS that HIPAA covered entities be allowed until November 23, 2007 to use NPIs in HIPAA electronic transactions. In addition, AHIP encourages the NCVHS to hold additional hearings in the fall to re-assess the industry's NPI progress and determine**

whether additional time or guidance is needed to meet the compliance requirements.

I thank you for the opportunity to testify. I am available for any questions.