Health Plan Identifier

Comments from

Veterans Health Administration as Health Care Payer

Department of Veterans Affairs

July 19, 2010

Hearing on National Health Plan Identifier

NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS

Subcommittee on Standards

Administrative Simplification under the Patient Protection and Affordable Care Act

National Health Plan Identifier

Slide 1

Good Afternoon; my name is Daniel T. Powell, Assistant Director, Operations, VA Health Administration Center (HAC) in Denver, CO (Daniel.Powell@va.gov , 303.398.7185)

HAC administers a variety of health benefit programs for the VA; most of these are for Veteran dependents, e.g., Civilian Health and Medical Program of the VA (CHAMPVA) and one is Veteran-centric (Foreign Medical Program).

HAC is aligned with the Purchased Care operation of the Veterans Affairs Chief Business Office (CBO).

CBO Purchased Care operation serves as the payer and/or provides administrative oversight for payment for all VA health benefit programs for Veterans and their dependents, i.e., it pays for all health care services purchased by the VA in the commercial sector. It is considered a covered entity per HIPAA.

Other programs under the Purchased Care operation include the Fee Basis and Project HERO programs for Veterans.

Slide 2

I would like to briefly address the following 6 topics:

- Format of the Proposed Identifier
- Accommodate Uses Across Industries

- Enumeration Guidance/Strategy
- NHPI Database Design/Functionality
- Connection to Health Plan ID Card
- Implementation Timeline for NHPI
- Transition Issues

Slide 3

Elimination of multiple identifiers may be difficult for VA payers to implement in the short term

Format: **Cost** – VA will have to modify core application functionality, test, and implement the NHPI change in multiple VA payer systems

Format: **Less Value Add**- Should format issues with the identifier cause routing problems, claims not routed correctly could result in less process-able claims while increasing the overall billable transaction volume to VA payers.

Format: **Ownership** – historically VA health plan identifiers were assigned by a third party (ACH, PBM) to ensure claim routing; It is clear that VA now has to take ownership of their identifier and operationalize its use and enumeration. This is potentially true for a number of other covered entities.

VA Payers will need to focus on the BENEFITS of a NHPI in the long-term:

Format: **Streamline ID** – a single unique ID number for one or each health plan will be easier to track and less expensive to use in the long run

Format: **Fix routing issues** – a fully considered and carefully executed implementation of NHPI could remedy existing routing problems leading to more added value for VA

Format: **Facilitate COB** – identification and tracking of secondary payers would be streamlined; it could facilitate automation of claims generated to secondary payers and eliminate the need to "drop to paper"; this translates to higher EDI claim volume for VA payers

There are other benefits to be gained from the fact that the NHPI will be Standards-based:

Format: **Usability** – better integration and interoperability across wide range of standards-based electronic transactions, e.g., InterNational Committee for IT Standards 284 Health Identification Card

Format: **Forward-thinking** – in as much as standards anticipate future needs and build upon one another to meet those future needs, a standards-based NHPI would do the same and reinforce that forward movement

Format: **Grand-Fathering** – VA payers believe that schemas that meet or exceed the standards adopted for NHPI should be allowed to "grandfather" into the solution.

Slide 4

NHPI will need to accommodate uses across a variety of industries:

NCPDP to X12: VA payers consider DME to be a medical benefit as opposed to a pharmaceutical benefit and requires DME claims to be filed on a professional claim format (electronic or paper).

Healthcare to Casualty: VA would like to move claims with third party liability, like property/casualty, to the appropriate payer.

All Similar Scenarios: list not exhaustive; in some cases an alternative standard identifier may need to be adopted for these uses as part of the overall NHPI plan.

Other scenarios that should be accommodated:

- Moving claims from payer to re-pricer or stop loss insurer
- Moving claims from payer to health information exchange

ENUMERATION GUIDANCE/STRATEGY

Enumeration **Granularity**: May need to analyze the various factors (e.g., benefit structure, multiple communication or processing sites, the need to separate groups or lines of business) in each sector of the healthcare industry to determine the best level of granularity at which enumeration should occur. Clear guidelines, including examples, on enumeration granularity should be provided by industry groups and organizations, WEDI, NCPDP, X12, etc. As a payer, VA has a variety of programs, plans, and processing sites; it would be advantageous to enumerate at a level of granularity that identifies these elements separately if it is determined that is needed. However, the database on which NHPI is built should be able to store and display the necessary relationships between these various elements.

Enumeration **Simplicity**: There is no need to overcomplicate or overuse the enumeration process; VA payers should enumerate only to the degree absolutely necessary; less may very well be more in this case and will translate into a more streamlined and robust, hence, usable, identification system.

That is why research and carefully considered guidelines should be a vital part of this process. VA as a payer would like guidance on questions like "When is plan/group separation so difficult to perform inside the organization's boundaries that NHPI enumeration at that level would be recommended?"

Enumeration **Standardized**: VA payers fell strongly that research across a broad range of organizations and industry sectors, robust discussion with adequate representation from all groups, and consensus findings should lead to enumeration standards.

Enumeration **Systematized**: Enumeration must be part of a well-managed NHPI system and database

Slide 5

NHPI DATABASE DESIGN/FUNCTIONALITY

Database: **On-line Access** – for ease of use and availability

Database: **Reasonable Cost Structure** – should be possible; costs should be spread out over the entire industry

Database: **Secure** – thorough authentication and verification of user, controlled access, and use secure Internet technology (e.g., SSL/encryption)

Database: **Access Options** – both web-based access for searches and lookups as well as access to database downloads will be important for authorized users

Database: **Consensus**– database and system design that is maximally useable for both enumeration and data retrieval will be critical; it will be vital that the database recognize the appropriate entity relationships between primary and secondary plans (if both are to be enumerated), and between NHPI and other trading partner identifiers. The design will need to accommodate different plan structures and their manifold relationships. VA payers see industry consensus on sound database and system design an essential precursor to implementation.

ID Card: **Costs of NHPI Requirement** – Undoubtedly there will be some stiff upfront costs, both in terms of time and money to implement this requirement and incorporate the NHPI in new cards throughout the industry. Adequate time to plan, remedy systems, test, print, and distribute new cards needs to be considered when setting dates for the use of the NHPI. Required use on the ID Card may need to lag behind other mandated uses.

ID Card: **Benefits of NHPI Requirement** – Benefits to the industry due to NHPI will probably not be fully realized until NHPI Is incorporated into the ID card and the industry starts to effectively use the information in this vehicle. There will, however, be significant long-term savings that accrue and it will facilitate the information needed to reliably identify secondary payers which will strengthen COB efforts industry-wide.

ID Card: **Claim Routing** – Any new rules promulgated should make it clear that the NHPI should be used for claim routing and that the NHPI will always be printed on and available from the Health ID Card. The rules should create a distinct requirement around routing based upon NHPI information on the ID Card; when the routing information changes for any plan/payer/administrator entity new ID cards need to be issued from that entity to provide the new information associated with the new NHPI.

Slide 6

Timeline: **Sequencing** – Two years to implement the NHPI sounds like a long time until 5010/D.0 implementation is factored in; the bulk of this timeframe will be consumed by that effort and on-going preparations for implementation of ICD-10 code set. The industry should consider a sequenced or phased approach and how each implementation sequence fits into the larger regulatory/compliance framework. Phase I might require enumeration in a fully functional system; Phase II might require a testing period; Phase III might require use of the NHPI as the sole plan identifier in HIPAA named transactions; and Phase IV might require use of the NHPI in the Health ID card. Timing of each phase should be worked out in relation to the 5010/D.0 and ICD-10 mandated timeframes.

Timeline: **Different Deadlines** – Required use of the NHPI in the Health ID Card should definitely have a different deadline than required use of the NHPI in HIPAA named transactions.

Transition Phase: The industry should weigh carefully the pros and cons of dual use transition (current mix of identifiers versus NHPI). VA payers would recommend dual use during the testing phase at a minimum.