



SPECIAL *Alert*

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In This Issue

In this eighth McGrawWentworth Special Alert for 2014, we review FAQs recently released by the Centers for Medicare and Medicaid Services (CMS). These FAQs provide clarification on the requirements for large group self-funded health plans to apply for an HPID.

We welcome your comments and suggestions regarding this issue of our Special Alert. For more information on this article, please contact your Account Manager or visit the McGrawWentworth web site at www.mcgrawwentworth.com.

"CMS Releases Two FAQs on HPID"

BREAKING NEWS...

CMS announced that it is delaying "until further notice" its enforcement of the regulation requiring health plans and other HIPAA-covered entities to obtain and use health plan identifiers (HPIDs). The full announcement can be found using the link below.

<http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Health-Plan-Identifier.html>

This means that employers and other sponsors of self-insured group health plans will not be required to obtain an HPID by November 5, 2014.

If you have already obtained an HPID, you will want to maintain the information until further notice. CMS may choose to enforce this requirement at a later date.

Large self-funded group health plans are required to apply for a Health Plan Identifier (HPID) by the Health Insurance Portability and Accountability Act (HIPAA). The HPID requirement is addressed in our *Benefit Advisor* at http://www.mcgrawwentworth.com/Benefit_Advisor/2014/BA_Issue_4.pdf.

The HPID requirements are not well defined by current guidance. CMS recently released two Frequently Asked Questions (FAQs). These FAQs should help employers better understand some aspects of the HPID requirements.

Question 1: Which group health plans must obtain HPIDs? This answer to this question seems straightforward, but employers with complex health plan arrangements need clarification. This is especially true in situations where an ERISA plan may include medical benefits, and a host of other non-medical

benefits. In some cases, an employer may have both insured plans and self-funded plans included in the same ERISA plan.

Answer: The HPID requirement allows a flexible approach to potentially complicated situations. Plan sponsors can choose to obtain a single HPID for a wrap plan. Non-ERISA groups may have adopted a wrap plan to create structure. If this is the case, the non-ERISA group health plan can apply for an HPID for the wrap plan. The plan may include non-medical benefits or even an insured medical plan. The employer does not need to split plans in order to specifically file for an HPID on a self-funded group medical plan.

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The FAQ allows flexibility. An employer may choose to obtain a separate HPID for each self-insured component of the wrap plan. Insurance carriers will apply for the HPID for fully-insured plans.

Question 2: Does a plan sponsor need to apply for an HPID on Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs), or Health Savings Account (HSAs)?

Answer: Plan sponsors are not required to apply for HPIDs on Medical FSAs and HSAs. These are viewed as individual accounts directed by the consumer to pay health care costs. As such, they do not require an HPID.

HRAs depend on the benefits provided. If the HRA limits coverage to deductibles and other out-of-pocket costs, the plan sponsor is not required to apply for an HPID. The HRA

in this instance is coordinated with a comprehensive medical plan.

The plan sponsor may have to apply for an HPID if the HRA does not coordinate with a comprehensive medical plan. In this instance, the HRA would be designed to provide an individual's health plan coverage.

Unfortunately, this answer did not address HRAs that coordinate with comprehensive health benefits for some out-of-pocket expense but provides coverage for medical services beyond what the health plan covers. For

example, it is common for HRAs to provide reimbursement for vision services. It is unclear if this type of arrangement would meet the requirements for the exemption for filing for an HPID.



Concluding Thoughts

With the HPID deadline delayed, plan sponsors can hold off applying for the HPID. The delay is welcome. The process of applying for the HPID was difficult.

The HPID requirement has not gone away. CMS may revisit the requirement in the future.

Please contact your McGraw Wentworth Account Manager with any questions. **MW**

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