

**Comments of the
National Coordinating Committee for Multiemployer Plans
to the
Health Care Financing Administration (HCFA)
on
Standards for Electronic Transactions and
National Provider, Employer, and Individual Identifiers**

July 15, 1998

The National Coordinating Committee for Multiemployer Plans (“NCCMP”) submits these comments in response to the notices of proposed rulemaking (63 Fed. Reg. 25272, 63 Fed. Reg. 25320, 63 Fed. Reg. 32784) published in the Federal Register on May 7, 1998 and June 16, 1998, regarding implementation of the electronic health care data exchange requirements of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”).

The NCCMP is the only national organization devoted exclusively to protecting the interests of the more than nine million workers, retirees, and their families who rely on multiemployer plans for retirement, health and other benefits. The NCCMP’s purpose is to assure an environment in which multiemployer plans can continue their vital role in providing benefits to working men and women. The more than 240 Affiliate and Associate Affiliate members of the NCCMP encompass plans and plan sponsors in every major segment of the multiemployer plan universe. The NCCMP is a nonprofit organization.

I. Electronic Data Interchange (“EDI”) Standards

Under HIPAA, the Department of Health and Human Services (“HHS”) is required to issue standards for administrative and financial health care electronic transactions, including claims, claims status, coordination of benefits, referral authorization, enrollment, eligibility, claims payments, premium payments, and first report of injury. Health plans, health care clearinghouses and health care providers must comply with these rules no later than 24 months after the effective date of the final rule. Small health plans (health plans with fewer than 50 participants) must comply within 36 months.

II. National Identifiers

HHS is also required to issue standards for national identifiers for employers, individuals, health care providers, and health plans, to be used when conducting health care electronic transactions. Under a regulation proposed June 6, 1998, the employer identifier is the Employer Identification Number (EIN). The provider identifier will be an 8-digit alphanumeric identifier. On July 6, 1998, the Health Care Financing Administration ("HCFA") issued a White Paper inviting public comment on the unique health identifier for individuals. The plan identifier has not been proposed.

III. Multiemployer Plan Concerns

Multiemployer plans, established and maintained through collective bargaining and structured in accordance with the Taft-Hartley Act provisions of the National Labor Relations Act, serve participant populations in industries where employment is historically fluid, such as the construction trade, maritime, and the hotel and restaurant industries. Participants often move from one contributing employer to another. Contributing employers may be very small and technologically unsophisticated. The multiemployer fund enables small employers to pool their resources, and mobile employees to pool their service with many different employers, to achieve critical mass to make it cost-efficient to provide group health coverage.

Since they are not linked directly to employers' personnel or payroll systems, multiemployer plans have, over the years, devised special types of eligibility rules and industry-specific reporting, payment and data-gathering mechanisms. They have always faced unique information systems challenges, in part, because multiemployer plans do not have direct access to employee information. We are currently reviewing the proposed regulations against the context of the special needs of multiemployer plans. Due to the technical nature of this project, we request the opportunity to present additional comments regarding electronic data interchange ("EDI") in the near future.

Briefly, based on our initial review of the EDI and Identifier standards, we believe that multiemployer plans will face unique challenges when implementing EDI and Identifier standards. These challenges will affect the relationships between plans and their contributing employers, companion pension plans, third-party administrators, health care plans (HMOs, PPOs, etc.), and participants. Extensive coordination and review of information systems will be required for all multiemployer health plans, the nature of which we are not yet in a position to analyze fully.

**NCCMP Comments on Standards for Electronic Transactions
and National Provider, Employer, and Individual Identifiers
July 15, 1998
Page Three**

Since multiemployer plans transmit health plan enrollment, eligibility, and premium payment information between the claims payer and contributing employers, employer reporting, collection, and billing systems may have to be modified to interface not only with the claims payer but also, possibly, tens of thousands of contributing employers.

To the extent that a companion pension plan uses the same billing systems and collection procedures as a multiemployer health plan, the pension plan will also be required to modify its procedures and systems. In some cases, collective bargaining may be necessary to change the ways that employers report on covered employment to the plan.

In addition, multiemployer plans and their third-party administrators often use unique electronic and paper forms for conducting transactions between the plan and the employer, and between the plan and its health care providers. Many of these forms are customized to the needs of the industry and to the special needs of the population served by the multiemployer plan. Consequently, multiemployer plans and their third-party administrators and health plans will have to modify their health care transaction systems.

Finally, the "millennium bug" is being cleared out of systems at the same time that the systems will be reformed to meet these EDI standards. Consequently, costs for information technologies are likely to be significant and may strain the ability of multiemployer plans to comply with the standards. In addition, the electronic standards appear to contemplate the collection of various types of data that are not currently maintained by multiemployer plans. Finally, plans are established pursuant to collective bargaining agreements. Because these agreements may extend for several years, it may be appropriate to extend the transition process for multiemployer plans.

IV. Conclusion

We are reviewing the proposed regulations with technical experts who can identify more precisely the impact of the new requirements on the current data-management capacity of multiemployer health plans. We intend to submit additional information when this review is complete.

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If you have any questions or would like more information, please contact Kathryn Bakich of the NCCMP's professional staff at (202) 737-5315.