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PREPARING FOR THE NATIONAL PROVIDER IDENTIFIER: THE BASICS

In a few months, all healthcare providers and large-scale health plans must be ready to use the National Provider Identifier (NPI) in all standard transactions. By May 23, 2007, we need to have not only obtained NPIs, but we need to have integrated the use of the NPI in daily processes and procedures. The NPI will take the place of the legacy IDs such as the UPIN, OSCAR, PIN, NSC and any other health plan-specific identifiers.

CMS has prepared and posted to its web site many valuable tools which assist us in understanding the initiative, choosing a method of application and preparing for the upcoming transition. According to the NPI Enumeration Statistics by State published by CMS, more than 19,000 North Carolina providers have applied for their NPIs.

What Type of NPI Will I Need?

While the information required to apply is fairly straightforward, there have been some questions as to how to distinguish which type of NPI is needed. There are two entity types: the individual and the organization.

Examples of providers needing an individual NPI would be physicians, nurses, pharmacist, dentists and sole proprietors. And in the case a physician is also incorporated, this provider will need not only an individual NPI for himself but also an organization NPI for the LLC or corporation. The physician will use the individual NPI in matters regarding referrals and would use the organization NPI for billing claims.

Examples of providers needing an organization NPI would be hospitals, physician groups, suppliers, nursing homes, ambulatory services. These entities are also responsible for acquiring NPIs for any applicable subparts. CMS defines a subpart as “a component of an organization provider that furnishes health care and is not itself a legal entity.” CMS further supplies examples of when an entity would be classified as a subpart, such as entities requiring separate inspections or separate surveys. In the past, these subparts worked under the TIN of the “parent” organization. Now, each entity must conduct its own standard transactions under their unique NPI. CMS suggests that the organization “mirror its Medicare enrollment” and obtain NPIs for the parent organization and each subpart.

Processing Applications

Once a provider has determined its type and has assembled the required information, it's time to process the application. In May 2006 CMS announced the capability for providers to apply for NPIs thru EFi, or Electronic File Interchange. Until this announcement, a provider could apply via a paper application or through the web. Now, an approved organization can also apply for NPIs on behalf of a group of providers and their subparts in a format designed for bulk enumeration. A certification is required before an organization can submit any data. CMS provides several resources for those interested in learning more about EFi.

Using the NPI

If you're one of the providers who have completed the application and received your NPI, the next step is incorporating the NPI in your processes. CMS has recently added a tip sheet, "Tips for Health Care Professionals – Preparing Your Office Staff for NPI." This tool explains the areas to examine within your practice which might be affected by the NPI, such as determining whether your practice management software is capable of handling a new identifier. Contacting health plans, clearinghouses, etc. will be essential in working through your transition plans. Document and review the impact of the NPI with regard to changes in your office procedures. Your attention to these matters will assist in ensuring cash flow is uninterrupted due to unnecessary errors.

It Pays to Be Prepared

There are incentives for being prepared. Medicare systems are currently capable of accepting claims with the NPI but these claims must also cite the legacy Medicare number until October 2006. And even then, Medicare encourages that claims continue to cite both. A claim may not be paid if the NPI is invalid and the legacy number is not included. And for those providers interested in Medicare enrollment, please note that as of May 2006, the NPI is a required item in the newly released CMS 855 application. This means a provider must obtain an NPI before applying for enrollment in the Medicare program.

The transition is well under way. If you haven't begun the transition, by all means, begin today. Contact us at www.dixon-hughes.com/physicians for more information or visit the CMS web site at www.cms.hhs.gov/NationalProvIdentStand/.

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