



**BlueCross BlueShield  
Association**

An Association of Independent  
Blue Cross and Blue Shield Plans

# The National Provider Identifier

**Basic Information You Need to Act Now**



*An Information Resource Tool for Large Practices and  
Institutional Providers*

**November 2006**

## Getting your NPI Now Is Critical

- The national compliance date for the National Provider Identifier (NPI) is May 23, 2007
- However, the changes associated with implementing the NPI are complex and will require significant time
- Therefore, you should start the NPI implementation process **now** – otherwise, you could find yourself at risk for payment delays, claims denials, and incorrect allocations
- The resource tool is intended to help you complete the process as soon as possible

The National Provider Identifier (NPI) is a HIPAA-mandated national standard adopted by the Secretary of Health and Human Services for use in the health care industry. By no later than May 23, 2007, all covered providers, clearinghouses, and health plans (except for very small health plans that have an additional year) must have completed their NPI transition process.

The NPI is not just a simple new number. Because it is essential to authorizations, billing, payment, care coordination, reporting, etc., NPI implementation is complex. Obtaining your NPI is but the first step in the implementation process. This resource tool – intended for use by hospitals, physicians, and other professional providers of non-institutional health care services in large group practices – explains the actions that you will need to take *after* you get your NPI to assure successful implementation.

Because of the time needed to complete these actions, it is important that you do not delay in getting your NPI. If you do not allow sufficient time to complete these actions, then you will not be in compliance with the federally mandated set of requirements, and you could experience payment delays, denials, and incorrect allocations.

This resource tool was prepared under contract to the Blue Cross and Blue Shield Association by Walter G. Suarez, MD, President and CEO, Institute for HIPAA/HIT Education and Research, and Co-chair of the Workgroup for Electronic Data Interchange (WEDI) NPI Outreach Initiative.

This tool is intended for educational purposes only. Should you or your company have specific questions on how to comply with the NPI requirements set forth here, we recommend that you consult with your legal counsel.

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## What is the National Provider Identifier

- A HIPAA–mandated national standard
- A new 10-digit, “intelligence-free” ID for health care providers
- Issued by the Federal government to individual providers as well as small and large provider organizations
- One NPI per *individual* provider; one or more NPIs to uniquely identify an *organizational* provider and its subparts
- Permanently assigned, and not expected to change
- Required to be used in HIPAA standard transactions (e.g., claims, claim payment, eligibility, referrals)



The NPI is a new 10-digit ID issued by the federal government to individual providers, as well as small and large provider organizations. The 10-digit ID is “intelligence-free” in that it does not have any coded information embedded into it, nor does it communicate specific characteristics of the health care provider it identifies.

Individual providers such as physicians, dentists, nurses, chiropractors, and therapists will be able to obtain only one NPI for themselves. Provider organizations such as hospitals, medical or dental group practices, nursing homes, pharmacies, and laboratories, will be able to obtain one NPI for the organization and one NPI for specific components of the organization (known as “Subparts”).

Once assigned, the NPI of a provider will not change. It will remain the same regardless of change in location, scope of practice, or any other factor, except in certain circumstances such as when an individual provider retires, an organization provider ceases to exist, or a provider’s NPI is being used fraudulently.

The NPI is required to be used as the only identifier for health care providers that are listed and reported in HIPAA standard transactions. HIPAA standard transactions include health care claims, claim payments, eligibility, and referrals. Health care providers generally listed in these transactions include the billing/pay-to provider, rendering provider, referring provider, attending physician, and operating physician.

## Why is the NPI Needed

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- Eliminate all health plan-specific provider identifiers used in the health care industry
  - All health plan-specific identifiers (such as Medicare's UPIN, Medicaid provider IDs, private health plan provider IDs) will be replaced by NPI
- Simplify provider billing
- Facilitate conducting coordination of benefits

The NPI will allow the health care industry to rely upon a single unique identifier for each provider, rather than the various health plan-specific identifiers currently in use.

The NPI will replace all other provider identifiers used in HIPAA standard transactions, including Medicare's UPINs, Medicaid Provider Identifiers, and health plan-specific provider IDs.

The NPI will simplify the billing process for providers by using a single national provider identifier standard across all health plans and clearinghouses when submitting and receiving HIPAA standard transactions.

The NPI will facilitate the process of coordinating benefits (COB) across health plans, by having COB transactions contain the same provider identifier regardless of which health plan is doing the COB.

## Who is Subject to Comply with the NPI



- All “covered entities” are required to comply with the NPI regulations
  - Covered entities include health plans, clearinghouses, and health care providers that transmit administrative transactions electronically
- All health care providers are *eligible* to obtain an NPI
- Covered health care providers are *required* to obtain and use their NPIs

All entities covered by the HIPAA Law are required to comply with the NPI regulations. Covered entities must be able to accept NPIs and process information using NPIs.

Covered entities include all health plans (including Medicare, Medicaid, and private insurance plans); all clearinghouses (companies that receive, process, or facilitate the processing of health care transactions between providers and health plans from a nonstandard format into a HIPAA standard format, or vice versa); and health care providers that transmit health care transactions in electronic form.

All health care providers, regardless of whether they are covered or not by HIPAA, are ELIGIBLE to obtain an NPI. Only those health care providers that are covered by HIPAA are REQUIRED to obtain and use their NPIs. A health care provider is defined in HIPAA regulations as a provider of services (a hospital, critical access hospital, skilled nursing facility, comprehensive outpatient rehabilitation facility, home health agency, hospice program), a provider of medical or health services (physician services, certified nurse-midwife services, qualified psychologist services, clinical social worker services), and any other person or organization who furnishes, bills, or is paid for health care in the normal course of business.

## Individual, Organization, Subpart NPIs

- Individuals:
  - Most individual health care providers that are identified in a HIPAA standard transaction need to have an NPI
- Organizations:
  - A legal entity that is a covered entity and is billing for health care services must obtain an NPI
- Subparts:
  - A component of a legal entity may need to be identified with its own NPI (not all components need an NPI)
  - A subpart cannot be a separate legal entity and may or may not have the same location as the “parent” entity

Most individual health care providers that are identified in transactions (for example a physician being reported as the rendering provider in a professional claim or the attending physician in a hospital claim) will need to have their own individual NPI, which will need to be reported in the appropriate location in the claim transaction.

An organizational health care provider that conducts transactions electronically and is the legal entity billing for health care services must obtain an NPI for its own use.

The legal organization may also choose to obtain separate NPIs to identify components (known as Subparts) of the organization. For example, a hospital may choose to identify one of its units, the Rehabilitation Unit, with an NPI that is different from the hospital NPI. There are certain conditions that subparts must meet:

- Subparts cannot be a separate legal entity from the “parent” organization.
- A Subpart must provide health care services to be eligible for an NPI.
- A Subpart may or may not be located at the same location as the parent organization or have the same taxonomy code as the parent organization.
- “Subparting” is an option, not a requirement (except when the subpart conducts its own transactions, separate from the parent organization, OR when the subpart would be a covered health care provider if it were a separate legal entity; in these two cases the subpart MUST obtain an NPI).

## NPI will NOT Replace Your Tax ID

- Tax ID = Social Security Number (SSN) for Individuals or Employer ID Number (EIN) for organizations
- Tax ID will be the ONLY additional ID allowed to be reported together with an NPI post-May '07
- Claims must still include the Tax ID of the Billing/Pay-To Provider
- Payers typically request TINs (EIN or SSN) via IRS Form W-9
- Payment reported on Form 1099-MISC

The NPI will NOT replace the Tax ID (SSN or EIN) when the Tax ID needs to be reported in claims for tax purposes.

The Tax ID number for individuals is the Social Security Number and for organizations it is the Employer ID Number assigned by the IRS.

The Tax ID will be the *only* additional ID permitted to be reported after May 23, 2007, along with the NPI, and *only* in appropriate places, such as to identify the Billing/Pay-to Provider for tax reporting purposes via IRS 1099 forms.

Note that certain license, certification, registration, and similar numbers may be called for on some claims and are allowed to be reported for the purposes they serve. Therefore, NPI may not be used in lieu of those numbers where those numbers are called for in the HIPAA standard transactions. CLIA Number and Mammography Certification Number are two examples.

## Why You Need to Act Now – (1)



- NPI implementation is complex; it will directly affect processing of claims and payments to providers
- The process for planning and transitioning to the new NPI involves several internal and external steps
- Claims without NPI after May 23, 2007 will not be HIPAA compliant

While the NPI might be perceived as a simple new number, easy to obtain and to begin using, the reality is that the process is much more complex.

Adopting and using the NPI will affect the way in which health care claims and claim payments are processed.

Without careful planning, transitioning, and testing prior to the implementation deadline, the final effect might mean unexpected claim rejections, payment delays, need to manually handle some transactions, and an overall claim processing slow down.

After May 23, 2007, transactions that do not have an NPI or that have a plan-specific identifier will not be compliant with HIPAA and, therefore, will need to be rejected.

## Why You Need to Act Now – (2)



- Providers:
  - Need to obtain NPIs, communicate them to health plans and clearinghouses, begin using them in transactions **now**
  - Assess internal systems and business processes affected by NPI and develop NPI project plans, timelines, remediation plans and contingency plans
  - Work with Hospital Mgmt. Systems, PMS vendors to ensure NPI products are installed/tested prior to May '07
  - Work with billing service/clearinghouse to ensure they will be ready to transmit transactions with appropriate NPIs

Providers will need to determine their NPI needs and apply for and obtain their NPIs. As soon as they receive them, providers should communicate their NPIs to health plans and clearinghouses. Once all parties are ready, providers should begin to use their NPIs in HIPAA standard transactions such as electronic claims.

Providers will also need time to make the appropriate changes, upgrades and adjustments to their internal business processes and information systems, including their practice management systems (PMS), to ensure that these processes and systems are capable and ready to store and use the NPI.

Providers should work with their PMS vendors to insist that NPI-capable products will be installed, tested, and ready before May 2007. Likewise, providers should work with their billing service providers and clearinghouses to ensure they will be capable of transmitting HIPAA standard transactions with the appropriate NPIs. You should consider asking vendors for their NPI project plans, timelines, and contingency plans.

## Why You Need to Act Now – (3)



- Health plans and clearinghouses:
  - Need to change/update claim processing systems to receive and process transactions that contain NPIs
  - Need to receive NPIs from providers to create crosswalks between the NPI and the corresponding internal identifier
  - Need to know subpart designation from providers
  - Need to receive transactions carrying NPIs to test/ensure they are adjudicated effectively, appropriately, accurately
- Complete these steps now
  - Delaying or waiting until 2007 could result in payment delays, denials, or incorrect allocation

Health plans and clearinghouses will need sufficient time to make changes to their claim processing systems, so that they can begin receiving and processing transactions that contain NPIs. They also need to receive the NPIs from providers, so they can build crosswalks that link the NPI of a provider to their corresponding internal provider identifier (or identifiers). They need to know and understand the providers' decisions on subpart designations and the respective NPIs. And they need to begin receiving HIPAA standard transactions from providers that contain the NPI, so they can test and make sure that they are processed and adjudicated correctly, effectively and accurately.

Most health plans (if not all of them) are building these crosswalks to ensure proper identification of providers within their internal systems. Building these crosswalks and testing transactions to ensure proper claim processing and payment is very much a shared responsibility of providers, payers, and clearinghouses.

**]Communicating early and often with trading partners (health plans and clearinghouses) is the key to reducing any risks or negative impacts that transition to the NPI may have on payment continuity.**

Not taking these steps now could risk delays in payment, inaccurate allocation of payment, or payment denials. Waiting until 2007 is not an option.

## Actions You Need to Take:

### 1. Assess NPI Needs and Obtain NPIs

- Evaluate NPI needs of your organization
  - Which individual providers need an NPI
  - Which Organization/Subparts NPIs are needed
- Determine **how** you plan to apply for NPIs
  - Via the Internet: <https://nppes.cms.hhs.gov>
  - Paper (contact NPI Enumerator at 1-800-465-3203)
  - Bulk application: (see CMS NPI web site for details)

*Important:* If applying on behalf of individual providers, retain and safeguard official NPI Notification from the National Plan and Provider Enumeration System (NPPES) and login/password created (via web), to access the NPI system in the future

Start by evaluating your needs for an NPI.

- Which individuals within your organization need NPIs (e.g., employed physicians, consulting physicians, physician assistants, nurse practitioners, physical therapists)
- Which organization/subpart NPIs will be needed (start from the organization level and evaluate within the organization which components will need a separate NPI)

Then evaluate how you will be applying for NPIs. If you plan to apply on behalf of your employed individual providers (or consulting/affiliated providers) you will need to make sure to obtain their authorization, validation of the data you will be entering in the application, confirmation that they have not applied or been issued an NPI yet, and permission to use and disclose their NPIs when needed. You will also need to inform them of their NPI as soon as you receive it from the National Plan and Provider Enumeration System (NPPES), as well as their individual login/password (if application done via web).

You may want to consider which NPI application method will be the most cost-effective to use, depending on your size and number of applications being processed. CMS has created the NPPES and established a web site to receive all provider applications for an NPI, process them and issue or assign the NPI. The website allows providers to complete an application interactively and efficiently (less than ten minutes) and then receive back, upon acceptance of the application, the NPI sent via email to the email address entered in the application.

Bulk enumeration (or Electronic File Interchange – EFI) while a complex process, remains a good option for very large medical groups and institutions with hundreds or thousands of individual providers.

It is important to remember to retain and safeguard both the official NPI Notification emailed by NPPES as well as the login/password created when starting a new application via the web, so that the record can be accessed in the future (remember: one login/password per application and one application per NPI).

## Actions You Need to Take: 2. *SHARE Your NPIs*

- Identify the business partners that will need your NPIs
- Identify methods to communicate your NPIs
- Confirm that business partners are ready to receive your NPIs
- Begin sharing your NPIs with those business partners



Once NPIs have been obtained, the provider needs to share them without delay with entities that will need them to conduct business.

Providers must then identify which entities need their NPIs, which methods would be the most efficient and effective to communicate their NPIs with those entities that need them, confirm that the entities that need the NPIs are ready to receive them, and begin sharing them with those entities.

## **Actions You Need to Take: 2. *SHARE Your NPIs (cont.)***

- ✓ Identify business partners that need your NPIs
  - Health plans and clearinghouses
    - Medicare, Medicaid, private payers (e.g., BCBS)
    - Clearinghouses that send/receive your transactions
  - Other providers
    - Providers to whom you refer patients
    - Providers that refer patients to you
    - Laboratory, Radiology, Therapy services, others
  - Other entities
    - Business associates, billing services, others

There are four major groups of entities that need NPIs from providers:

1. Health plans, including Medicare, Medicaid, and private health plans.
2. Clearinghouses that send and receive HIPAA standard transactions on your behalf to and from health plans.
3. Other providers with whom you do business, both those to whom you refer patients as well as those that refer patients to you. Clinical laboratories, radiology labs, therapy services are examples of providers that need other providers' NPIs.
4. Other entities such as billing services and business associates that might need the NPI to conduct business transactions on your behalf.

## Actions You Need to Take: 2. *SHARE Your NPIs (cont.)*

### ✓ Provider-to-Provider Special Needs

- Laboratories/Diagnostic Facilities
  - Most need to report referring provider in their claims
  - Will need to populate their provider referral databases with NPIs



- Pharmacies/DME Suppliers
  - Need NPI of prescriber or ordering provider (cannot use the DEA number in lieu of NPI)
  - Providers should report their NPIs in their prescriptions/orders

### Special provider-to-provider NPI exchange situations:

- Clinical Laboratories/Diagnostic Facilities in most cases need to report to payers the provider that referred/ordered the test. In these situations, they will need to use the NPI of the ordering/referring provider. Most of them have created their own provider referral databases, which will need to be updated with NPIs.
- Pharmacies/DME Suppliers will face similar challenges, as they will need to report the NPI of the prescriber/ordering provider in most pharmacy or DME claims. The DEA number of the prescriber will not be permitted to be reported in lieu of the NPI. Providers should begin to report their NPIs in their prescriptions.
- Note the special provider-to-provider exchange situations above are not all inclusive.
- Note the NPI may not be used in lieu of the DEA Number when the DEA Number is required to be used for its regulatory purpose.

## Actions You Need to Take: 2. *SHARE Your NPIs (cont.)*

- ✓ Choose Method(s) to Communicate NPIs
  - Using the HIPAA standard transactions
  - Bulk files (e.g., MS Excel®) containing NPIs of multiple providers
  - Web-based systems offered by health plans and others to allow you to enter your NPI data
  - Paper forms used by organizations to receive your NPI
  - Other methods (e.g., phone)

Choosing a method to communicate your NPIs to your business partners will be a critical step. You may choose to send your NPIs via the HIPAA standard transactions, by including your NPI in the appropriate location in the transaction. You may also choose to send your NPIs, along with the NPIs of other providers in your organizations, via a bulk file (such as a pre-defined formatted Excel spreadsheet). The advantage of this method is that you can submit the bulk file to several payers at the same time, achieving fast and efficient distribution of a large number of NPIs at once.

You can also use a web-based data entry system that many payers are beginning to make available so that providers enrolled in their networks can enter their NPIs and perhaps update other demographic information.

Other less efficient methods include a standard paper form created to submit NPIs, and reporting your NPI via a phone call to the health plan, provider, or clearinghouse.

It is important to note that not all methods listed may be applicable to all providers and available from all health plans.

## **Actions You Need to Take: 2. *SHARE Your NPIs (cont.)***

- ✓ Confirm with People and Organizations you do Business with Before Sending NPIs
  - Check with health plans/clearinghouses to determine their methods for collecting NPIs from providers
  - Select the most cost-effective method (e.g., bulk file, web data entry, paper form)
  - Include as much information as needed to ensure that health plans/clearinghouses will be able to match accurately the NPI with the corresponding internal provider identifier(s)

Before attempting to send your NPIs to health plans, clearinghouses, and other providers, it is very important that you check first that they are ready to receive NPIs.

If so, you need to check with them to determine which methods they have available for you to report your NPIs.

You should select the method that best fits your size and the number of NPIs you will be reporting.

When submitting your information, always consider including as much information as necessary to ensure that the recipient of the data (the health plan, for example) will be able to accurately and unambiguously match your NPI with the internal corresponding identifier (or identifiers) they have assigned to you.

## **Actions You Need to Take:**

### **3. Begin Using NPIs in Transactions**

- Check with health plans/clearinghouses to find out when they will be ready to begin accepting NPI transactions
- Start by sending your NPI *along with* the corresponding health plan-specific ID in the same transactions (“Dual Use Strategy”)
- Once the health plan is ready, *stop* sending the plan-specific ID and only send your NPI in the transactions

Once you have obtained and shared your NPIs, and you have completed your internal systems and business process changes, you will be ready to begin using the NPIs in HIPAA standard transactions (such as electronic claims, electronic eligibility inquiries, and referrals).

Before you can begin using your NPIs in HIPAA standard transactions, you must first check with your clearinghouses and health plans to ensure that they are ready to **receive** electronic transactions with NPIs. If they are ready, then the first step in the NPI transition process is to begin sending HIPAA standard transactions with your NPI **along with** the corresponding health plan-specific identifier (within the same transaction). This is known as the “NPI-Legacy ID Dual-Use Strategy.”

Once it has been confirmed that the health plan has been able to build a robust crosswalk between your NPI and the plan’s provider ID assigned to you by the health plan, then you will be able to move to the second and final stage: to stop sending the plan-specific identifier and **ONLY** send your NPI in the transactions. This second step must be completed by **NO LATER THAN** May 23, 2007. But you should consider starting to send NPI-only transactions much earlier than this.

## Remember...

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- The NPI belongs to you:
  - NPI is assigned to the provider
  - Individual NPI doesn't belong to a health plan or the employer where the individual works
- The NPI is unique:
  - It identifies a provider uniquely, regardless of where the provider practices or the type of practice
- The NPI will become the only identifier:
  - It will be the *only* provider identifier permitted to be used in HIPAA transactions (except for Tax ID)

Always remember that:

- The NPI is yours. It does not belong to a health plan or the employer you work for, and it is assigned to you for life.
- The NPI is unique. It serves to identify you uniquely across the country and with one single ID, regardless of where you practice or the type of practice you have.
- The NPI will become the only identifier. It will be the only permitted identifier to be used in HIPAA standard transactions (except for the Tax ID, whenever the Tax ID is permitted).

## Remember...

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- The NPI must be shared:
  - Providers must share their NPI with other entities that need it in order to conduct business
- The NPI must be used:
  - It is required to be used in all HIPAA transactions, including claims, claim payment, coordination of benefits, eligibility, referrals and claim status
- The NPI must be used with all payers:
  - Providers must use their NPIs with all payers; all payers are required to accept only the NPI as the provider identifier

- You must share your NPI. Your business partners will need to know your NPI to conduct business with you.
- You must use your NPI. It is required in all HIPAA standard transactions including claims, claim payment, coordination of benefits, eligibility, referrals, and claim status.
- You must use your NPI with all health plans. Medicare, Medicaid, and all private health plans are required by HIPAA to receive/submit the NPI as the only provider identifier in HIPAA standard transactions.

## Remember...

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- The NPI needs to be protected:
  - Anyone using NPIs needs to protect them and disclose them only if necessary to achieve a legal business purpose
  - Only in rare circumstances, such as fraudulent use, will you be able to replace your NPI
- Providers must take care of their NPIs:
  - Changes to any required element furnished during the NPI application need to be reported to the NPI Enumerator within 30 days of the change
- Providers still need to report their Tax ID to payers to properly report payment to IRS in form 1099-MISC

- You must protect your NPI. Only in rare circumstances, such as fraudulent use, will you be able to replace your NPI.
- You must take care of your NPI. Changes to any of the required information that you furnished during the NPI application will need to be reported to the NPI Enumerator within 30 days of the change .
- You must still report your Tax ID to payers, so they can properly report payment information to IRS in form 1099-MISC.

## CMS NPI Resources

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- CMS Main NPI Website
  - <http://www.cms.hhs.gov/NationalProvIdentStand/>
    - Contains NPI Final Rule, NPI FAQs, Fact Sheets, Tip Sheets, NPI Viewlet, Medicare MedLearn Articles, Enumeration Statistics
- NPPES Website
  - <https://nppes.cms.hhs.gov/NPPES/Welcome.do>
    - Main site to enter an NPI application

### CMS Website Resources:

- Main CMS NPI Website (“Official” NPI website).
- Website of the NPPES, where providers apply for and obtain an NPI.

## Industry NPI Resources

- WEDI NPI White Papers
  - [http://www.wedi.org/snip/public/articles/dis\\_public/Display.cfm?docType=6&wptype=3](http://www.wedi.org/snip/public/articles/dis_public/Display.cfm?docType=6&wptype=3)
    - Industry-developed papers on how to implement NPI, including: “NPI Impact on Providers”; “NPI Dual Use Strategy”; “NPI and Subparts”; and others
- WEDI NPI Outreach Initiative
  - <http://www.wedi.org/npioi/index.shtml>
    - NPI Resource Center with information resources, web links, Industry readiness assessment survey, other

The Workgroup on Electronic Data Interchange (WEDI) is the main industry-led organization working on assisting the health care industry transition through the NPI.

The WEDI organization has produced more than 20 white papers on various aspects of NPI implementation, including:

- NPI Enumeration
- NPI Impact on Health Care Providers
- NPI and Subparts
- NPI/Legacy ID Dual Use Strategy
- NPI Information Exchange

Access to WEDI white papers requires first time users to register but does not require either a fee or membership.

WEDI has also established an NPI Outreach Initiative that maintains a web-based NPI Resource Center and organizes periodic national and regional NPI events, including Audiocasts, forums and conferences.

## **Blue Cross Blue Shield Contact Information**

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For additional NPI information contact the Provider Services Department at your local Blue Cross Blue Shield Plan. The following link can be used to find a Plan in your area:

<http://www.bcbs.com/healthinsurance/planfinder.html>