



**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 Individual  
Providers and Small Groups*

**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 physicians and other professional providers of non-institutional health care services in solo or small group practice – 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.

This document is Copyright © 2006 BlueCross BlueShield Association. It may be freely redistributed only in its entirety provided this copyright notice is not removed. It may not be altered, used in derivative form, sold for profit or used in commercial documents without written permission of the copyright holder. This document is provided as is without express or implied warranty.

## 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 in 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, your NPI 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 you retire, the organization provider ceases to exist, or your 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 electronic health care 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.

## 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.

## Why is the NPI Needed

- 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 payer 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.

## 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 is needed 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 health 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 practice management vendors to ensure their NPI-ready product is installed and tested prior to May '07
  - Work with billing service/clearinghouse to ensure they will be ready to transmit transactions with appropriate NPIs

You will need to determine your NPI needs and apply for and obtain your NPI. As soon as you receive your NPI, you should communicate it to your health plans and clearinghouses. Once all parties are ready, you should begin to use your NPI in HIPAA standard transactions such as electronic claims.

You will also need time to make the appropriate changes, upgrades, and adjustments to your internal business processes and information systems, including your practice management systems (PMS), to ensure that these processes and systems are capable and ready to store and use the NPI. NPI project plans, timelines, remediation and contingency plans will need to be developed.

You should work with your PMS vendor to ensure that NPI-capable products will be installed, tested, and ready before May 2007. Likewise, you should work with your billing service providers and clearinghouses to ensure they will be capable of transmitting transactions with the appropriate NPIs. 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 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 need your NPI as soon as possible to create crosswalks, and ensure timely payment

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 you, so they can build crosswalks that link your NPI to their corresponding internal provider identifier (or identifiers). And they need to begin receiving HIPAA standard transactions from you that contain the NPI, so they can test and make sure that the transactions 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, health plans, and clearinghouses.

**Communicating early and often with business partners (health plans and clearinghouses) is the key to reduce 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 (e.g., physicians, others)
  - Group Practice as the legal covered organization
- Most effective method to apply for an NPI:
  - Via the Internet: <https://nppes.cms.hhs.gov>
- Other method for individuals, small practice
  - Paper (contact NPI Enumerator at 1-800-465-3203)

*Important:* 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. If you are an individual health care provider, do you need to be identified in a health care claim as the rendering provider or the referring provider or other? If so, it is very likely you need to have your NPI.

If your organization is a group practice, clinic group, multi-specialty clinic, or similar organization, and it conducts transactions electronically (whether directly or through a billing service or clearinghouse) your organization will need an NPI.

The most effective method to obtain an NPI for individual providers or small provider organizations is via the Web. CMS has created the National Plan and Provider Enumeration System (NPPES) 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 10 minutes per application) and then receive back, upon acceptance of the application, the NPI sent via email to the email address entered in the application.

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 who will need your NPI (health plans, physicians, hospitals, etc.)
- Identify methods to communicate your NPI
- Confirm that everyone who needs your NPI is ready to receive your NPI
- Begin sharing your NPI with those who need it.



Once you have obtained your NPI, you need to share the NPI without delay with the individuals and organizations with whom you do business: physicians, suppliers, hospitals, health plans, laboratories, pharmacies, etc.

You must then identify which individuals and organizations need your NPI, which methods would be the most efficient and effective to communicate your NPIs to those individuals and organizations, confirm that those individuals and organizations are ready to receive your NPI, and begin sharing your NPI with them.

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

- ✓ Identify who will need your NPI
  - 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
  - Others
    - Business associates, billing services, others

Four major groups will need your NPI:

1. Health plans, including Medicare, Medicaid, private health plans such as Blue Cross/Blue Shield, and other 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 provider's 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 physician in their claims
  - Will need to populate their physician and 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

Four 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 the individuals and organizations with whom you do business 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 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, or 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 Individuals and Organizations you do Business with Before Sending NPIs
  - Check with health plans/clearinghouses to determine their methods for collecting NPIs from providers
  - Select 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 to determine whether they are ready to receive NPIs.

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

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 health 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 an electronic claim, electronic eligibility inquiry, referral, etc).

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** HIPAA standard transactions with NPIs. If they are ready, then the first step in the NPI transition process is to begin sending electronic 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 health 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...

---

- 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...

---

- The NPI must be shared:
    - You must share their NPI with other individuals and organizations that need it to conduct business
  - The NPI must be used:
    - It is required to be used in all HIPAA standard transactions, including claims, claim payment, coordination of benefits, eligibility, referrals and claim status
  - The NPI must be used with all health plans:
    - You must use your NPI with all health plans; all health plans are required to accept *only* the NPI as the provider identifier
- 
- You must share your NPI. Other providers, health plans, and clearinghouses will need to know your NPI to conduct business.
  - 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...

---

- 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 the NPI
- You must take care of your NPI:
  - Changes to any required element furnished during the NPI application need to be reported to the NPI Enumerator within 30 days of the change
- You still need to report your 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

---

- 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**

---

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>