



Providers Preparing for the Implementation of the National Provider Identifier

What Is the National Provider Identifier and Its Purpose?

A National Provider Identifier (NPI) uniquely identifies a healthcare provider in standard transactions, such as healthcare claims. It will replace other identifiers used by health plans and payors for the submission of electronic claims, including unique physician identification numbers (UPIN), payor identifiers, the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), Medicaid numbers, health industry numbers (HIN) and the National Association of Boards of Pharmacy (NABP).

NPI consists of a 10-position numeric identifier with a check-digit in the last position to help detect keying errors.

NPI carries no intelligence that will provide any information about a provider. NPI may be used to identify healthcare providers on prescriptions; in internal files to link provider identification numbers and other information; in coordination of benefits between health plans; and in patient medical record systems.

Who Needs NPI?

Any covered healthcare providers who need to be identified in healthcare transactions, including operating physicians, attending physicians, rendering providers and referring providers.

NPI Effective Date

The compliance date for large providers is May 23, 2007. Small providers have until May 23, 2008, to comply with the regulation.

Potential Business Implications to My Practice

- Payor: Impacts diagnosis related groups (DRG), line pricing by procedure, contract negotiations, fee schedules, and revising and distributing materials.
- Provider: Impacts fee schedules, contracts, new billing software, coding changes, extensive documentation, practice costs and cash flow.

- Employer: Impacts contracts, special customer arrangements, co-insurance and riders.
- Software and hardware upgrades.
- Reimbursement/contracting.
- Procedures/treatment policies.
- Staff training.
- Form revisions.
- Statistics, reporting, and research.
- Claim transactions.
- Transition impacts and historical data.

Failure to make the correct match between NPI and an existing UPIN may result in a number of revenue-generation problems, including:

Overpayment of claims. Retraction of overpayments, adjustments and subsequent repayments to the healthcare provider immediately impacts the health plan's bottom line.

Underpayment of claims. Recalculation of underpayments, adjustments and subsequent repayments could be a violation of state prompt-payment laws, which can result in steep fines, law suits and provider dissatisfaction.

Incorrect eligibility response. Improper responses to eligibility inquiries may result in provider over/under-billing and patient dissatisfaction, especially if patients are erroneously charged higher co-pays, billed for non-covered charges that should be covered, or told to use specific ancillary facilities, such as third-party labs or radiology clinics, that are not appropriate.

What Should Providers and Practices Ask Themselves to Prepare for NPI?

Are there possible changes in office procedure that I will need to make?

If you must make changes to office procedure, be sure to update your policy and procedure manual to reflect these changes. Notify and train staff and providers of procedure changes and how they may impact day-to-day activities.

Have I notified my health information system vendor, clearinghouse, billing agent, and each of my payors of my NPI(s)?

You must contact each payor to determine the procedure for submission of information. Be sure to include your legacy identifiers with your NPI notification.

Have I analyzed my current payor contracts?

Payors may require re-enrollment. When you research the method for NPI notification, ask if there are additional requirements, such as re-enrollment. Some payors may require submission of NPI(s) before the May 23, 2007, compliance date. They can do so as the regulations to do restrict this practice since it is a business decision to make this requirement.

Have I analyzed my reimbursement systems/pricing systems/provider contract systems?

Make sure you review your payments after the May 23, 2007, implementation date to ensure you are being paid according to your provider contracts. You will need to ensure that your reimbursement and pricing systems are paying according to your contracted amount with the payers.

How is your system going to maintain historical claims data?

You need to review with your vendors that the systems will still maintain all historical claims data. This data will assist you to complete a review of your reimbursement system in accordance with your provider contracts.

What Can You Do to Prepare Your Practice for NPI?

- Apply for NPI as soon as possible and notify your business partners and payors.
- Watch for information from the health plans with which they do business on the implementation/testing of NPIs in claims, and other standard transactions.
- Know your payors' NPI scheduled roll out dates.
- Review laws in your state to determine any conflicts or supplements to NPI.
- Identify collaborative organizations in your area working to address NPI implementation issues and on a regional basis among physicians, hospitals, laboratories, pharmacies, health plans, and other impacted parties.
- Analyze current payor contracts.
- Ensure alignment with Centers for Medicare & Medicaid Services (CMS) timelines to transmit NPI on claims by May 23, 2007

- Update systems to capture NPI information that can be transmitted on claims.
- Testing with your business partners for the NPI should have begun on Jan. 31, 2007.
- Test to ensure payors have correctly cross-walked legacy and NPI identifiers.
- Test and verify that you have provided all NPIs to the clearinghouse/payor.
- Test to ensure you have appropriately applied the correct NPI to the claims.
- Identify additional information needed on claims to assist with correct reimbursement (rendering location, taxonomy codes, etc.)

Additional Resources

- An overview of the NPI and the application process for obtaining an NPI is available at the CMS Web site:
<http://www.cms.hhs.gov/apps/npi/npiviewlet.asp>
- Monitor CMS Medlearn Matters and other FAQs on the CMS Web site:
www.cms.hhs.gov
- Information on the CMS National Provider Identifier Standard:
<http://www.cms.hhs.gov/NationalProvIdentStand/>.
- To view the final rule, as well as access tips, fact sheets and other resources about NPI compliance, visit the CMS NPI Enumerator Web site.
- HIMSS NPI Facts:
http://www.himss.org/ASP/topics_FocusDynamic.asp?faid=179

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