



ISSUE BRIEF

HIPAA: National Provider Identifier (NPI)

Background

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) – the law that mandated the HIPAA privacy regulation – included a provision requiring the adoption of a standard unique health identifier for each individual, employer, health plan, and health care provider for use in the health care system. On January 23, 2004, the Centers for Medicare & Medicaid Services (CMS) released the final regulation to implement the unique health care identifier for health care providers. The regulation adopts the National Provider Identifier (NPI) as the standard for identifying health care providers. It also includes requirements that health plans, health care clearinghouses, and covered health care providers must meet concerning use of the NPI. Each provider should have been assigned a 10-digit NPI that is used to identify the provider in transactions with federal and state programs such as Medicare and Medicaid, and in claim transactions with other third party payors. The NPI should replace the NCPDP Provider ID and is intended to remove the need for providers to have multiple identification/billing numbers for communication with various health plans.

The NPI regulation took effect May 23, 2005, at which time providers could begin applying for their NPI number. HIPAA covered entities, including pharmacists and pharmacies, were required to begin using the NPI by May 23, 2007. However, to ensure accuracy in the initial public disclosure of the NPI database, CMS extended the period of time in which health care providers could review and edit their information prior to the initial disclosure of the NPI data, this deadline was extended to August 20, 2007. On September 4, 2007, the NPI registry became public on the Web site at <https://nppes.cms.hhs.gov/NPPES/NPIRegistryHome.do>. CMS also recognized the challenges with the implementation timeline that allowed covered entities to implement contingency plans to protect against enforcement action for up to 12 months if they made good faith efforts to comply with the NPI provisions and worked to facilitate compliance with their trading partners. Each covered entity determined its own contingency plan. Additional information on compliance guidance is available at http://www.cms.hhs.gov/NationalProvIdentStand/Downloads/NPI_Contingency.pdf.

Specific to Medicare Fee-for-Service (FFS), effective March 1, 2008, health care providers that bill Medicare, including pharmacists and pharmacies, have been required to use their NPI when submitting all claims or the claims will be rejected. Starting on May 23, 2008, providers submitting 837I and UB-04 claims must also use their NPI.

NPI Eligibility

Health care providers that are “covered health care providers” under HIPAA are *required* to use an NPI. A covered health care provider is defined as a health care provider who transmits any health information in electronic form between two parties to carry out financial or administrative activities related to health care, including the following types of electronic information transmissions:

- Health care claims or equivalent encounter information
- Health care payment and remittance advice
- Coordination of benefits
- Health care claim status
- Enrollment and disenrollment in a health plan
- Eligibility for a health plan
- Health plan premium payments
- Referral certification and authorization
- First report of injury
- Health claims attachments
- Other transactions that the Health and Human Services (HHS) Secretary may prescribe by regulation

The majority of pharmacies (including online pharmacies) and some pharmacists (those who transmit information electronically/bill on their own behalf, not on a pharmacy’s behalf) are considered a covered health care provider under HIPAA and are required to have an NPI. Pharmacists and pharmacies that are not covered entities under HIPAA are eligible for NPIs, but are not required by the regulation to obtain them; however, certain health plans could implement a policy that all of their participating providers use NPIs.

Individual vs. Organization NPI

The regulation recognizes that a “health care provider” may be an individual person (such as a pharmacist) or an organization (such as a pharmacy). Individual health care providers such as pharmacists, physicians, dentists, nurses, chiropractors, and therapists. Individual Health care providers will receive a Type 1 NPI.

Health care provider organizations include: pharmacies, hospitals, home health agencies, clinics, nursing homes, residential treatment centers, laboratories, ambulance companies, group practices, health maintenance organizations, durable medical equipment suppliers, and health care, prosthetics, and orthotics suppliers. Provider organizations will receive a Type 2 NPI.

Obtaining a NPI

The application for an NPI may be submitted electronically at <https://nppes.cms.hhs.gov/NPPES/Welcome.do>. A paper application may be downloaded at www.cms.hhs.gov/NationalProvidentStand/. Once a provider is assigned an NPI, the provider must update information within 30 days of any changes.

There is no cost to the provider to obtain an NPI. Federal funds have supported the enumeration process.

Share Your NPI Number

Once a pharmacist or pharmacy has an NPI they must also share the number with NCPDP, providers, payers, and health plans to prevent claim denials. To ensure smooth implementation, prior to the March 1, 2008 deadline, providers were asked to send test transactions using their NPI number.

Benefits of the NPI

In the future, pharmacists will likely use their NPI when billing for patient care or clinical services. In fact, inclusion of pharmacists in the rule serves as yet another recognition that pharmacists are health care providers. The regulation includes several other positive benefits for pharmacists, including increased administrative efficiencies. Since prescribers will have one identifying number, pharmacists will no longer have to track multiple numbers. The rule also allows for pharmacists to submit a third party claim for a prescription from a prescriber without a DEA number.

Next Steps

APhA has been working with several stakeholders, including CMS and the American Medical Association (AMA), to address NPI implementation issues and limit the potential administrative burden on pharmacists when submitting claims transactions. Watch for additional information in future APhA communications.

Resources

- Go to <http://www.cms.hhs.gov/NationalProvIdentStand/> for additional NPI information.
- Go to <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0802.pdf> for a Medicare Learning Network (MLN) Matters article for more information regarding the implementation timeline.

APhA Government Affairs Resources
www.pharmacist.com/GA