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National Provider Identifier (NPI) – Medicare Policy on Subpart Designation

Key Words

SE0608, Subpart, Designation, Numbers, Identifiers, NPI, Legacy, HIPAA, Organization, Guidelines, Implementation, Enrolled, Examples, Taxonomies, Sub-specialization, Final, Rule, Standard, Transactions

Provider Types Affected

Provider types affected include organization health care providers and suppliers who are covered entities under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and who are enrolled in the Medicare program. These are certified providers and suppliers, supplier groups, and supplier organizations, and suppliers of durable medical equipment, prosthetics, orthotics and supplies (DMEPOS).

This information does not apply to health care providers who are enrolled in Medicare as individual practitioners, such as physicians and nurse practitioners, nor does it apply to sole proprietors.

Key Points

Important Note: Medicare fee-for-service (FFS) has instituted a contingency plan for NPI implementation that delays the requirement for the NPI beyond May 23, 2007. For details regarding this delay, please see MLN Matters article MM5595 at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5595.pdf> on the CMS website.

- Medicare is transitioning from the provider identifiers it currently uses in HIPAA standard transactions to the new National Provider Identifier, or NPI.
- By regulation, Medicare organization health care providers who are HIPAA-covered entities must obtain NPIs.
- For Medicare organization health care providers, the current identifiers could include:
 - Online Survey Certification and Reporting system numbers;
 - National Supplier Clearinghouse numbers;
 - Provider Identification Numbers; and
 - Unique Physician Identification Numbers used by Medicare.
- These numbers are now considered legacy identifiers or legacy numbers.

- These organization health care providers must determine if they have subparts that need to be uniquely identified in standard transactions with their own NPIs.
- Organization health care providers are corporations, partnerships, or other types of businesses that are considered separate from an individual by the state in which they exist.
- Subparts of such organization health care providers are also Organizations.
- All of these health care providers would apply for NPIs as Organizations (Entity Type 2).
- In terms of NPI assignment, an individual is an Entity Type 1 (Individual), and is eligible for a single NPI and cannot have subparts.
- Most Medicare organization health care providers (Entity Type 2 providers) send electronic claims to Medicare (standard transactions), making them covered health care providers (HIPAA covered entities).
- Covered organization health care providers are responsible for determining if they have “subparts” that need to have NPIs.
- The covered organization health care providers must ensure that the subparts obtain their own unique NPIs, or they must obtain them for them.

Guidelines to Determine Subparts that Require Unique NPIs

Some guidelines to help determine if an enrolled Medicare organization health care provider has a subpart that will need its own unique NPI include the following:

- Regarding all of the entities that could be considered subparts:
 - A subpart is not itself a separate legal entity, but is a part of a covered organization healthcare provider that is a legal entity. (All covered entities under HIPAA are legal entities.)
 - A subpart furnishes health care as defined at 45 Code of Regulations (CFR) 160.103. (This information can be found at <http://www.hhs.gov/ocr/regtext.html> on the Department of Health and Human Services (DHHS) website.)
- Regarding some or all of the entities that a Medicare covered organization health care provider could consider as subparts:
 - A subpart may or may not be located at the same location as the covered organization health care provider of which it is a part.
 - A subpart may or may not have a Taxonomy (Medicare specialty) that is the same as the covered organization health care provider of which it is a part.
 - A subpart that conducts any of the HIPAA standard transactions separately from the covered organization health care provider of which it is a part must have its own unique NPI.

Important Medicare NPI Implementation Dates

- From January 3, 2006 - October 1, 2006, Medicare systems will accept claims with an NPI, but an existing legacy Medicare number must also be on the claim. Note that CMS claims processing systems will reject, as unprocessable, any claim that includes only an NPI.

- From October 2, 2006 - May 22, 2007, CMS systems will accept an existing legacy Medicare billing number and/or an NPI on claims.
- From May 23, 2007 – Forward, CMS systems will only accept NPI numbers. Small health plans have an additional year to be NPI compliant. (See **Important Note** above.)

Use of NPI

With regard to enrolled organization health care providers or subparts who bill more than one Medicare contractor:

- An enrolled organization health care provider or subpart is expected to use a single (the same) NPI when billing more than one Medicare contractor.
- For example, a physician group practice billing a Maryland carrier and also billing a Pennsylvania carrier would use a single (the same) NPI to bill both carriers.

With regard to enrolled organization health care providers or subparts who bill more than one type of Medicare contractor:

- Generally, the type of service being reported on a Medicare claim determines the type of Medicare contractor who processes the claim.
- Medicare will expect an enrolled organization health care provider or subpart to use a single (the same) NPI when billing more than one type (fiscal intermediary, carrier, RHHI, DMERC) of Medicare contractor.

In certain situations, Medicare requires that the organization health care provider (or possibly even a subpart) enroll in Medicare as more than one type of provider.

- For example, an ambulatory surgical center enrolls in Medicare as a Certified Supplier and bills its services to a carrier. If the ambulatory surgical center also sells durable medical equipment, it must also enroll in Medicare as a Supplier of DME and bill the DME to a DMERC.
- This ambulatory surgical center would obtain a single NPI and use it to bill the carrier and the DMERC.
- Medicare expects that this ambulatory surgical center would report two different taxonomies when it applies for its NPI:
 - Ambulatory Health Care Facility—Clinic/Center - Ambulatory Surgical (261QA1903X); and
 - Suppliers—Durable Medical Equipment & Medical Supplies (332B00000X) or the appropriate sub-specialization under the 332B00000X specialization.

With regard to enrolled organization health care providers who determine subparts for reasons unrelated to Medicare statutes, regulations or policies:

- Consistent with the NPI Final Rule, covered organization health care providers may designate subparts for reasons that are not necessarily related to Medicare statutes or regulations.
- If a Medicare organization health care provider designates as subparts entities other than those who are enrolled Medicare providers, and those subparts obtain their own NPIs and use those NPIs to identify themselves in HIPAA standard transactions with Medicare, those NPIs will not identify enrolled Medicare providers.

- NPI Final Rule, page 3441 says the following: "If an organization health care provider consists of subparts that are identified with their own unique NPIs, a health plan may decide to enroll none, one, or a limited number of them and to use only the NPIs of the one(s) it enrolls."

Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0608.pdf> on the CMS website.

Information about 45 CFR 160.103 can be found at <http://www.hhs.gov/ocr/regtext.html> on the Department of Health and Human Services (DHHS) website.

EFI documents posted to the web include a summary, user's guide, and technical companion manual. Visit http://www.cms.hhs.gov/NationalProvdentStand/07_efi.asp to download these new items.

NPI-related information, including how to apply for an NPI and a new fact sheet for health care providers who are individuals, is available at <http://www.cms.hhs.gov/NationalProvdentStand/> on the CMS website.

The NPI Final Rule can be found at

<http://www.cms.hhs.gov/NationalProvdentStand/Downloads/NPIfinalrule.pdf> on the CMS website.