

# The National Provider Identifier

## *What You Need to Know*

**W**ith the implementation of the National Provider Identifier program (NPI) slated for next spring, independent pharmacists will likely have their fair share of questions about the rollout of this mandated program. This article attempts to identify and explain the primary components of the NPI and how it will affect pharmacists.

**What is an NPI?** The Health Insurance Portability and Accountability Act of 1996 (HIPAA) mandated that the secretary of the Health and Human Services Department adopt a standard unique health identifier for health care providers. On January 23, 2004, the secretary published a final rule that adopted the National Provider Identifier (NPI) as this identifier.

All HIPAA-covered health care providers, whether they are individuals or organizations, must obtain an NPI for use to identify themselves in all HIPAA covered, HIPAA standard transactions (such as the National Council for Prescription Drug Programs [NCPDP] format for retail prescription drugs and the X12N 837 for pharmacy professional services, Part B drugs and supplies, and durable medical equipment, prosthetics, orthotics, and supplies [DMEPOS]). Once enumerated, a provider's NPI will not change. The NPI remains with the provider regardless of job or location changes.

HIPAA-covered entities, such as providers completing electronic transactions, health care clearinghouses, and large health plans, must use only the NPI to identify covered health

care providers in standard transactions by May 23, 2007. Small health plans have a one year extension (until May 23, 2008) before complying with the NPI rule. Small health plans are defined as plans with \$4 million or less in revenue.

**What does an NPI look like?** The NPI consists of nine numeric digits followed by one numeric check digit. The NPI does not have embedded intelligence. There is no method of determining whether an NPI belongs to an individual or an organization by looking at the number.

**Are all pharmacists and pharmacies required to obtain an NPI?** All health care providers that are covered entities under HIPAA are required to obtain an NPI. If a pharmacy sends or receives HIPAA-covered transactions, the pharmacy must obtain an NPI. The same is true for a pharmacist. If the health care provider does not conduct HIPAA-covered transactions, but is a health care provider under HIPAA's definition (as are pharmacies and pharmacists), then the provider may, but is not required, to obtain an NPI.

**Will a pharmacy's and a pharmacist's NPI be required on all claims?** NPIs are required of HIPAA-covered entities on HIPAA-covered or standard transactions. In most cases, the pharmacy as the billing entity will be required to submit an NPI as the identifier. Whether a pharmacist

NPI is required on a HIPAA transaction depends upon the trading partner (such as the payer). If the pharmacist NPI is requested, then the pharmacist NPI would be on the HIPAA transaction.

When a pharmacist NPI is requested, it is usually to identify the rendering provider, and the pharmacy NPI would also be supplied on the same claim transaction to identify to whom the claim should be paid (such as the billing provider). Both NPIs would be on the claim transaction. This situation may occur when using the X12N 837 claims format or the paper version of the X12N 837—the Centers for Medicare & Medicaid Services (CMS) Form 1500. Only one NPI will be required on the NCPDP format—the NPI for the billing provider.

**Will a pharmacy continue to use its NCPDP provider identification?** A pharmacy may use its NCPDP provider identification for non-HIPAA covered transactions such as workers' compensation claims. The choice of which identifier to use in this case will be specified by the trading partner (payer). A pharmacy must use its NPI for all HIPAA-covered transactions.

NCPDP will continue to issue NCPDP identification numbers, even if they are not used on a HIPAA standard transaction. It is expected that many processors will cross-walk the NPI to the NCPDP provider identification and will continue to use the NCPDP identification for processing in the near to intermediate term. The relationship and demographic information found on the NCPDP database files will always be needed by the industry. NCPDP will continue issuing NCPDP provider identification numbers—even if the only future use is internal to NCPDP and users of the NCPDP Pharmacy Database. There are no plans to phase out the numbers.

**Will pharmacists use their state license number?** If pharmacists are submitting or receiving a HIPAA standard transaction, they must obtain and use an NPI. If not, the choice of what number to use to identify the pharmacist shall be specified by the trading partner (such as the payer).

**What is a legacy identifier?** A legacy identifier is any identifier that has been used by providers that is being replaced by the NPI on HIPAA transactions. For a pharmacy, this includes the NCPDP provider identification, Medicaid identification, Medicare supplier identification, state license numbers, and other identifiers used to identify the pharmacy on a HIPAA standard transaction.

**When would a pharmacist or pharmacy apply for multiple NPIs?** Only organizations can have multiple NPIs. Individuals can obtain only one NPI through their lifetime, except in unusual circumstances such as replacing an NPI due to fraudulent activity associated with the NPI.

For an organization, NPIs can be obtained for its business subparts at the discretion of the organization. Organizations with multiple locations such as pharmacy chains would likely obtain NPIs for each location; a pharmacy location involved in both traditional dispensing services and long-term care services might also obtain an NPI for both business components. In general, a pharmacy may want to consider replacing one NPI for each NCPDP identification it has today. In the future, if a pharmacy has a business need that can't be satisfied by one NPI, then an additional NPI should be considered.

CMS requires durable medical equipment (DME) organizations to obtain NPIs for each location. However, pharmacies that are also DME suppliers may choose to use only one NPI.

**How do you apply for a NPI?** You can apply for an NPI in one of three ways:

1. With a pharmacy's permission, NCPDP submits pharmacy applications to the CMS NPI enumerator in electronic files and provides the pharmacy's NPI to them. NCPDP recommends this option as a service to the industry. This authorization process is under way and the NCPDP bulk enumeration process has begun. Go to [www.ncdp.org/frame\\_news\\_npi-info.htm](http://www.ncdp.org/frame_news_npi-info.htm), download the application and fax it to NCPDP. If you have many pharmacies, an Excel spreadsheet template is available for ease of use. Please note that the NCPDP process is for pharmacies only; pharmacists who want to obtain an NPI must apply directly to the CMS enumerator. (See number 2 and number 3 as follows.)
2. You may prepare a paper application and send it to the National Plan and Provider Enumeration System (NPPES), or the enumerator that will be assigning the NPIs on behalf of CMS. CMS has contracted with Fox Systems of Fargo, North Dakota, to serve as the NPI enumerator. A copy of the application can be obtained through one of three ways. By mail at: NPI Enumerator, PO Box 6059, Fargo, ND 58108-6059; by e-mail at: [customerservice@npienumerator.com](mailto:customerservice@npienumerator.com), or by phone at: 800-465-3203 or TTY 800-692-2326. All of this information can be obtained on the CMS Web site ([www.cms.hhs.gov](http://www.cms.hhs.gov)).
3. You may apply through a Web-based application process. The Web address is the same as number 2 above.

The estimated time for completing an application is 20 minutes.

**What information should pharmacies have available?**

A pharmacy must have their employer identification number (EIN), along with basic demographic information, taxonomy codes for services provided, and legacy numbers such as NCPDP provider identification number, Medicaid number, Medicare supplier identification number and other identification numbers (optional). If the pharmacy is a sole proprietorship and not incorporated, then the pharmacy is not con-

sidered an organization and will be obtaining an individual (Type 1) NPI.

**What are taxonomy codes?** Taxonomy codes describe the type and specialty of providers. A minimum of one taxonomy code is required for obtaining an NPI. Taxonomy codes are those maintained by the National Uniform Claim Committee (NUCC) to describe provider types and specialties. There are currently taxonomy codes for pharmacists, pharmacy technicians, and pharmacies, along with other specialties such as DME. They are listed at [www.wpc-edi.com/taxonomy](http://www.wpc-edi.com/taxonomy).

**When should NPI information be updated?** Federal law requires that health care providers certify that the information submitted to NPPES is correct and that changes are sent to NPPES within 30 days of a change of information on the application, using one of the three application methods described previously for obtaining an NPI.

NCPDP is requesting authorizing pharmacies to fill out the form at [www.ncdp.org](http://www.ncdp.org), and update NCPDP within 20 days of a change of information. The form provides a method for individual pharmacies to certify the information is correct.

**How was NCPDP selected as a bulk enumerator?** NCPDP was certified by CMS as an electronic file interchange organization (EFIO) to submit records for enumeration on behalf of pharmacies with their authorization in May 2006. NCPDP is currently accepting updated information and authorizations from pharmacies, sending files to the NPPES, and obtaining pharmacy NPIs.

If pharmacies authorize NCPDP to enumerate them on the NCPDP application ([www.ncdp.org/frame\\_news\\_npi-info.htm](http://www.ncdp.org/frame_news_npi-info.htm)), NCPDP will submit the electronic application information for NPI enumeration. If a pharmacy is affiliated with many pharmacies or a pharmacy chain with many stores, an Excel template is available on the Web site.

Six days after NCPDP sends a file of pharmacies to NPPES to be enumerated, NPPES sends a response. Records on the response file are either enumerated, rejected, or pending to the enumerator. NCPDP researches and resubmits rejected records. This sometimes requires calling the pharmacy and working with the pharmacy to resolve the problem. The enumerator must resolve pending records. The enumerator will contact NCPDP and/or the pharmacy contact person to aid in resolution. Pending records that have been finalized are sent on another file six days later.

NCPDP notifies pharmacies of their NPI on enumerated records. In the case of independent pharmacies, an email will be sent from [NPI\\_EFIO@ncdp.org](mailto:NPI_EFIO@ncdp.org). For chains, an e-mail and file of NPIs will be sent once all pharmacies are enumerated. This e-mail from NCPDP should be maintained on file, as some payers or processors may require a copy as validation of the pharmacy NPI.

### **Why should a pharmacy use NCPDP's application process?**

NCPDP has been successfully enumerating pharmacies since 1981, during which time it has provided pharmacies with NCPDP provider identification numbers (formerly known as National Association of Boards of Pharmacy [NABP] numbers). Along with enumeration, NCPDP maintains the NCPDP Pharmacy Database. Pharmacies benefit from the various industry uses of this information. Specifically, entities within the pharmacy industry will most likely use the NCPDP Pharmacy Database information for affiliating pharmacies with their respective chain headquarters or networks, claims processing, direct mailings of product recalls and publications, network development, health plan directories, and rebate information.

Health plans, claims processors, and other entities within the health care industry also will most likely be interested in using the NCPDP Pharmacy Database information to obtain NPIs to identify participating pharmacy network providers and to verify claims submissions, to name a few reasons.

Entities within the health care industry may obtain pharmacy NPIs from authorizing pharmacies by subscribing to the NCPDP Pharmacy Database. However, please note that only CMS will have the complete list of provider NPIs. Also note that the NCPDP Pharmacy Database is for the authorized registration of pharmacy NPIs only. Pharmacists who desire to obtain a NPI must apply directly to the CMS NPPES.

Using NCPDP to obtain a pharmacy NPI will insure that information is current in the NCPDP Pharmacy Database, as well as the NPPES, which does not contain all the information needed by industry and is subject to the rules of the yet-to-be-published dissemination notice.

NCPDP's Pharmacy Database will contain pharmacy NPIs as well as legacy NCPDP provider identification numbers (formerly the NABP numbers). Pharmacies benefit in that the health care industry will have access to a much-needed crosswalk between the two identification numbers. The crosswalk between the pharmacy's NCPDP provider identification and pharmacy NPI is currently a major tool used by health plans and claims processors to properly process pharmacy claims and to minimize disruption or errors in claims payment.

Authorizing pharmacies that enroll in the NCPDP Pharmacy Database should also minimize the number of claims processors and health plans contacting pharmacies for their NPIs.

Even if a pharmacy chooses to apply for a NPI directly with the CMS NPPES, or if a pharmacy has already obtained a NPI from the NPPES, it should still register its NPI with NCPDP for the reasons stated previously.

The single Web-based or paper application process takes pharmacy chains significantly longer than the time it takes to update NCPDP using an Excel spreadsheet. At 20 minutes per pharmacy, a 20-pharmacy chain could take more than

one day; applying over the CMS Web site while updating existing records with NCPDP will take considerably less time per pharmacy. Enumerating a large group of pharmacies can result in significant administrative burden associated with gathering, formatting, editing, validating, applying via the Web (which takes 20 minutes per pharmacy), and maintaining data in NPPES.

**How can NCPDP do the needed work at no additional cost to pharmacies?** NCPDP can do all the work required at no additional cost to a pharmacy just as they do today in maintaining the NCPDP Pharmacy Database. NCPDP sells this database to the industry to recoup its pharmacy NPI enumeration costs. NCPDP, with pharmacy authorization and the required information on an NCPDP-developed application form or Excel format, obtains and maintains pharmacy NPI(s) as required by federal law. NCPDP agrees that all this work will be at no additional cost to pharmacies.

**Can pharmacies use either the prescriber's individual NPI or the prescriber's organization/clinic NPI on a prescription drug claim?** The NCPDP Telecommunication Standard defines the prescriber identification in an electronic transaction for a prescription drug as the NPI assigned to the individual prescriber, and NOT the prescriber's organization/clinic NPI. Therefore, only the NPI for the individual prescriber will be required on retail prescription drug claims on the NCPDP format. For retail prescription drug claims, pharmacies must be sure that they are using the individual prescriber NPI to avoid disruption or errors in prescription drug claims processing and payment.

The Workgroup on Electronic Data Interchange (WEDI) and NCPDP have published a joint white paper that makes recommendations on using NPIs as prescriber identifiers on a claim and what to do if no NPI is available. It recommends that the pharmacy submit claims using the identifier required by the trading partner (such as payer)—usually the legacy identifier previously used by the pharmacy such as the state license. If the state prohibits the use of the DEA as a prescriber

identifier on claims when the NPI is implemented, using the DEA may no longer be possible.

The white paper can be downloaded at [www.ncdpd.org](http://www.ncdpd.org). CMS has not yet published an NPI Dissemination Notice in the *Federal Register*. To date, the only known method for pharmacies to obtain prescriber NPIs is by contacting the prescriber or their office. It is important that the office provides pharmacies with the prescribers' individual NPI, and not that of the organization.

**What percentages of pharmacists and pharmacies have been enumerated to date?** CMS does not publish statistics by provider type or taxonomy at this time. Information on the number of providers enumerated can be found at [www.cms.hhs.gov](http://www.cms.hhs.gov).

**I read recently that Medicare is already requiring NPIs. Is that true?** Medicare is not requiring NPIs on HIPAA standard transactions. However, effective May 1, 2006, an NPI was needed on the CMS-855S application to process Medicare supplier identification enrollment documents or make any updates to a supplier file.

NCPDP has developed processes so that new pharmacies and pharmacies who change ownership receive priority when NCPDP submits records to NPPES for NPI enumeration. NCPDP provides independent pharmacies with an e-mail containing the pharmacy NPI to attach to the CMS-855S application. For chain pharmacies, written notification is being provided to satisfy this Medicare requirement.

**I have heard that CMS will be disseminating NPIs for industry use? Can you elaborate?** Health plans, claims processors, and other entities within the health care industry will be interested in obtaining NPIs to identify participating network providers, and to verify claims submissions, to name a few. However, only CMS will have the complete list of provider NPIs. CMS has not yet published an NPI Dissemination Notice in the *Federal Register* to describe how NPIs will be distributed to the health care industry. To date, the only known method of obtaining prescriber NPIs is by contacting the prescriber. It is important that physician offices provide pharmacies with the prescribers' individual NPI and not that of the organization.

Entities within the health care industry may obtain pharmacy NPIs from authorizing pharmacies by subscribing to the NCPDP Pharmacy Database. Pharmacies that enroll in the NCPDP Pharmacy Database should minimize the number of claims processors and health plans contacting pharmacies for their NPIs. The NCPDP Database contains a crosswalk between the pharmacy's NCPDP provider identification and NPI (for pharmacies that authorize NCPDP) and is currently a major tool used by health plans and claims processors to properly process pharmacy claims and to minimize disruption or errors in claims payment. ■

**For more information and updates relating to the National Provider Identifier program, please consult the following Web sites:**

- Centers for Medicare & Medicaid Services (CMS): [www.cms.hhs.gov](http://www.cms.hhs.gov) (also contains an FAQ section)
- National Council for Prescription Drug Programs (NCPDP): [www.ncdpd.org](http://www.ncdpd.org)
- Workgroup on Electronic Data Interchange (WEDI) and the National Provider Identifier Outreach Initiative (NPIOI): [www.wedi.org/npioi/index.shtml](http://www.wedi.org/npioi/index.shtml)