



FAQs on the Required National Provider Identifier (NPI)

Provided by the National Community Pharmacists Association (NCPA) and the National Council for Prescription Drug Programs (NCPDP)

At-A-Glance: Important!

- **All Pharmacies must obtain a National Provider Identifier (NPI) by the implementation date of May 23, 2007.**
- **Obtaining a Pharmacy NPI is essential; a Pharmacist NPI is optional unless the Pharmacist is the billing unit.**
- **Multiple NPIs may be needed for a Pharmacy.**
- **Register your Pharmacy NPI with NCPDP to avoid potential disruptions in workflow and prescription drug claims payment.**

What is an NPI? Which health care providers are required to have an NPI and which are not by the May 23, 2007 implementation date?

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) mandated that the Secretary of Health and Human Services 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 healthcare providers, whether they are individuals or organizations, must obtain an NPI for use to identify themselves in all HIPAA covered, i.e., HIPAA standard, transactions (e.g., the NCPDP format for retail prescription drugs and the X12N 837 for pharmacy professional services, Part B drugs and supplies, and 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, healthcare clearinghouses, and large health plans, must use only the NPI to identify covered healthcare providers in standard transactions by May 23, 2007. Small health plans have a one year extension before complying with the NPI rule so small health plans do not have to comply until May 23, 2008.¹ Small health plans are defined as plans with \$4,000,000 in revenue.

What does an NPI look like?

The NPI consists of 9 numeric digits followed by one numeric check digit. The NPI does not have embedded intelligence.² 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 a NPI?

All healthcare 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 healthcare provider does not conduct HIPAA-covered transactions, but is a healthcare provider under HIPAA's definition (as are pharmacies and pharmacists), then the provider may, but is not required to obtain an NPI.

¹ http://www.cms.hhs.gov/apps/mpi/01_overview.asp

² <http://www.cms.hhs.gov/NationalProvIdentStand/Downloads/NPIcheckdigit.pdf>

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 (i.e., payor). 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, i.e., 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 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 ID?

Yes, a pharmacy may use its NCPDP Provider ID for non-HIPAA covered transactions such as Worker's Compensation Claims. The choice of which identifier to use in this case will be specified by the trading partner (i.e., payor). A pharmacy must use its NPI for all HIPAA-covered transactions.

NCPDP will continue to issue NCPDP ID numbers, even if they are not used on a HIPAA standard transaction. It is expected that many processors will crosswalk the NPI to the NCPDP Provider ID and will continue to use the NCPDP ID 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 ID numbers - even if the only future use is internal to NCPDP and users of the NCPDP Pharmacy NPI Database. There are no plans to phase out the numbers.

Will a pharmacist use their state license number?

If a pharmacist is 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 (i.e., payor).

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 ID, Medicaid ID, Medicare Supplier ID, 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.

In the case of 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 ID it has today. In the future, if a pharmacy has a business need that cannot be satisfied by one NPI, then an additional NPI should be considered.

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

How does one apply for a NPI?

One is able to 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 underway and the NCPDP bulk enumeration process has begun. Go to

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. Note: NCPDP process is for pharmacies only; pharmacists who want to obtain an NPI must apply directly to the CMS Enumerator (see #2 and #3 below).

2. One 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, ND to serve as the NPI Enumerator, i.e., the Administrator of the NPPES. 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 email at: customerservice@npienumerator.com, or by phone at: 1-800-465-3203 or TTY 1-800-692-2326. All of this information can be obtained on the CMS website at: http://www.cms.hhs.gov/NationalProviderStand/03_apply.asp#TopOfPage
3. One may apply through a web-based application process. The web address is the same as #2 above.

The estimated time for completing an application is 20 minutes.

What information should a pharmacy have readily available to complete the application?

A pharmacy must have their Employer Identification Number (EIN) in addition to basic demographic information, taxonomy codes for services provided and legacy numbers such as NCPDP Provider ID number, Medicaid number, Medicare Supplier ID number and other identifications numbers (optional). If the pharmacy is a sole proprietorship and not incorporated, then the pharmacy is not considered an organization and will be obtaining an individual (Type 1) NPI.

Explain the taxonomy codes and how to use them and where to find them.

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

Explain when to update NPI information.

Federal Law requires that healthcare providers certify 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, utilizing one of the three application methods described above for obtaining an NPI.

NCPDP is requesting authorizing pharmacies to fill out the form at http://www.ncdp.org/frame_news_npi-info.htm 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 and what is the process?

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 National Plan and Provider Enumeration System (NPPES) and obtaining pharmacy NPIs.

If pharmacies authorize NCPDP to enumerate them on the NCPDP application at 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 (6) 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 pended 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 6 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@ncpdp.org. In the case of chains, an email and file of NPIs will be sent once all pharmacies are enumerated. This email from NCPDP should be maintained on file as some payers or processors may require a copy as validation of the pharmacy NPI.

There are multiple application options to obtain a NPI. Why should a pharmacy use NCPDP's application process instead of applying directly to CMS?

NCPDP has been successfully enumerating pharmacies since 1981 during which time NCPDP has provided pharmacies with NCPDP Provider ID numbers (formerly known as NABP numbers). In addition to enumeration, NCPDP maintains the NCPDP Pharmacy NPI Database. Pharmacies benefit from the various industry uses of NCPDP's Pharmacy Database information. Specifically, entities within the pharmacy industry will most likely use the NCPDP Pharmacy NPI 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 healthcare industry will also most likely be interested in using the NCPDP Pharmacy NPI Database information to obtain NPIs to identify participating pharmacy network providers, to verify claims submissions, etc. Entities within the healthcare industry may obtain pharmacy NPIs from authorizing pharmacies by subscribing to the NCPDP Pharmacy NPI Database. However, please note that only CMS will have the complete list of provider NPIs. Please further note that the NCPDP Pharmacy NPI 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 pharmacy information is current in the NCPDP Pharmacy NPI 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 ID numbers (formerly the NABP numbers). Pharmacies benefit in that the healthcare industry will have access to a much-needed crosswalk between the two ID numbers. The crosswalk between the pharmacy's NCPDP Provider ID 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 NPI 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 contact **NCPDP at 480-477-1000** and have the pharmacy's NPI added to the NCPDP Pharmacy NPI Database for the reasons stated above.

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, just to apply 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 over the web (which takes 20 minutes per pharmacy) and maintaining data in NPPES.

How can NCPDP do all the work necessary for bulk enumeration and other NPES 'updates at no additional cost to a pharmacy?

NCPDP can do all the work required at no additional cost to a pharmacy just like they do today in maintaining the NCPDP Pharmacy NPI 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? What can pharmacies do to obtain prescriber NPIs?

The NCPDP Telecommunication Standard defines the prescriber ID 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 make sure they are using the individual prescriber NPI in order to avoid disruption or errors in prescription drug claims processing and payment.

The Workgroup on Electronic Data Interchange (WEDI) and NCPDP have co-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 (i.e., payor)—usually the legacy identifier previously used by the pharmacy such as the state license number. 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 http://www.ncdp.org/frame_news_npi-info.htm

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 the office provides pharmacies with the prescribers' individual NPI for prescription drug claims, and NOT that of the organization/clinic.

If prescribers are not required to have a NPI because they do not submit electronic claims, then how will a pharmacy be able to process its prescription claims?

The Workgroup on Electronic Data Interchange (WEDI) and NCPDP have co-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 (i.e., payor)—usually the legacy identifier previously used by the pharmacy such as the state license number. 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 http://www.ncdp.org/frame_news_npi-info.htm

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

http://www.cms.hhs.gov/NationalProvidentStand/05_enumeration.asp#TopOfPage

I read recently that Medicare is already requiring NPIs. Is that true?

Medicare is not yet requiring NPIs on HIPAA standard transactions. However, effective May 1, 2006, an NPI is needed on the CMS-855S application when first enrolling as a Medicare Supplier or making any updates to a Medicare Supplier record. (The CMS-855S application is used to enroll as a Medicare Supplier for the submission of claims for Medicare Part B drugs and supplies, e.g., DMEPOS and diabetes supplies; the application is also used to make updates to a Medicare Supplier record.)

NCPDP has developed processes so that new pharmacies and pharmacies who change ownership receive priority when NCPDP submits records to NPES for NPI enumeration. NCPDP provides independent pharmacies with an email 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 explain why and how this will occur?

Health plans, claims processors, and other entities within the healthcare industry will be interested in obtaining NPIs to identify participating network providers, to verify claims submissions, etc. 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 healthcare 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 healthcare industry may obtain pharmacy NPIs from authorizing pharmacies by subscribing to the NCPDP Pharmacy NPI Database. Pharmacies that enroll in the NCPDP Pharmacy NPI 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 ID 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.

Where can pharmacies and pharmacists obtain additional information about NPIs and updates?

For more information and updates, go to the CMS web site at http://www.cms.hhs.gov/apps/npi/01_overview.asp, or the NCPDP web site at http://www.ncdp.org/frame_news_npi-info.htm, and/or the WEDI NPIOI web site at <http://www.wedi.org/npioi/index.shtml>.. In addition, CMS publishes FAQs at http://questions.cms.hhs.gov/cgi-bin/cmshhs.cfg/php/enduser/std_alp.php?p_sid=Qjr3YRYh&p_lva=&p_li=&p_page=1&p_cv=&p_pv=&p_prods=0&p_cats=&p_hidden_prods=&prod_lv1=0&p_search_text=NPI&p_new_search=1&p_search_type=answers.search_nl