MAY 6 2005

National Provider Identifier Activities Begin in 2005

Dear Health Care Provider:

The Centers for Medicare & Medicaid Services (CMS) is pleased to announce the availability of a new identifier for use in the standard electronic health care transactions. The National Provider Identifier (NPI) will be the single provider identifier, replacing the different provider identifiers you currently use for each health plan with which you do business. This identifier, which implements a requirement of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), must be used by most HIPAA covered entities, which are health plans, health care clearinghouses, and health care providers that conduct electronic transactions for which the Secretary has adopted a standard (i.e., standard transactions). This letter will help you to understand the background of this requirement and what steps you need to take to apply for and receive an NPI.

The NPI is one of the steps that CMS is taking to improve electronic transactions for health care. National standards for electronic health care transactions encourage electronic commerce in the health care industry and simplify the processes involved to reduce the administrative burdens on health care providers. With national standards and identifiers in place for electronic claims and other transactions, health care providers will be able to submit transactions to any health plan in the United States. Health plans will be able to send standard transactions such as remittance advices and referral authorizations to health care providers. These national standards will make electronic data interchange a viable and preferable alternative to paper processing for health care providers and health plans alike.

To date, we have adopted and implemented the following HIPAA standards: electronic health care transactions and code sets, privacy, security, and the national employer identifier.

We are now beginning to implement the NPI. On January 23, 2004, the Secretary published a Final Rule that adopted the NPI as this identifier. As of the compliance dates listed below, HIPAA covered entities must use NPIs to identify health care providers in standard transactions. These transactions include claims, eligibility inquiries and responses, claim status inquiries and responses, referrals, and remittance advices.

Health care providers include individuals, such as physicians, dentists, and pharmaci its, and organizations, such as hospitals, nursing homes, pharmacies, and group practices. Health care providers who transmit health information electronically in connection with any of the standard transactions are required by the NPI Final Rule to obtain NPIs, even if they use business associates, such as billing agencies, to prepare the transactions.

The NPI will replace health care provider identifiers that are in use today in standard transactions. Implementation of the NPI will eliminate the need for health care providers to use different identification numbers to identify themselves when conducting standard transactions with multiple health plans. Many health plans, including Medicare, Medicaid, and private health insurance issuers, and all health care clearinghouses must accept and use NPIs in standard transactions by May 23, 2007. Small health plans have until May 23, 2008. After those compliance dates, health care providers may use only their NPIs to identify themselves in standard transactions, where the NPI is called for.

You will be able to apply for your NPI in one of three ways:
- You may apply through an easy web-based application process, beginning May 23, 2005. The web address is https://nppes.cms.hhs.gov.
- You may prepare a paper application and send it to the entity that will be assigning the NPI (the Enumerator) on behalf of the Secretary, beginning July 1, 2005. A copy of the application, including the Enumerator's mailing address, will be available on https://nppes.cms.hhs.gov. You may also call the Enumerator for a copy. The phone number is 1-800-465-3203 or TTY 1-800-692-2326.
- With your permission, an organization may submit your application in an electronic file. This could mean that a professional association or perhaps a health care provider who is your employer could submit an electronic file containing your information and the information of other health care providers. This process will be available in the fall 2005.

Remember, you may apply for an NPI using only one of the ways described above. When gathering information for your application, be sure that all of your information, such as your social security number and Federal employer identification number, are correct. Once you receive your NPI, safeguard its use. The application form contains a Privacy Act Statement, which explains how we may disseminate the information collected in the application.

You may receive notices about the NPI from many of the health plans with which you do business. Remember that you need apply only once for an NPI. The same NPI is used for every health plan.

The transition from existing health care provider identifiers to NPIs in standard transactions will occur over the next couple of years. We urge health care providers to apply for an NPI beginning on May 23, 2005. While the NPI must be used on standard transactions with health plans, other than small health plans, no later than May 23, 2007, health care providers should not begin using the NPI in standard transactions on or before the compliance dates until health plans have issued specific instructions on accepting the NPI. Health plans will notify you when you can begin using NPIs in standard transactions. You should be aware that health plans might request that you begin using your NPI prior to the compliance dates. Applying for an NPI does not replace any enrollment or credentialing processes with any health plan, including Medicare.

You may obtain information about the NPI at www.cms.hhs.gov/hipaa/hipaa2. This site contains Frequently Asked Questions and other information related to the NPI and other HIPAA standards.

Beginning May 23, 2005, we will also provide up-to-date information about the NPI, such as when and how to apply on the NPPES web site at https://nppes.cms.hhs.gov, or you may call the Enumerator at 1-800-465-3203 or TTY 1-800-692-2326.

Sincerely,

/s/

Mark B. McClellan, M.D., Ph.D.