A Practitioner’s Guide to the NPI

- Overview of Medicare policy
- The ABCs of the NPI
- Do I obtain 1 or 2 NPIs?
- How do I apply for an NPI?
- Choosing a taxonomy code
- Changes to the NPI taxonomy for psychology
Section 1. Medicare Policy Allows Flexibility in the Use of NPIs

The Centers for Medicare and Medicaid Services (CMS) announced in April that the Medicare program will not require participating providers to use only their National Provider Identifier (NPI) when submitting Medicare claims effective May 23, 2007. Medicare providers may continue temporarily to use their existing identifier numbers (referred to as "legacy numbers" or "UPIN"), use their NPI, or submit both numbers on their claims.

CMS issued the policy following a decision by the U.S. Department of Health and Human Services (DHHS) to allow health plans to continue processing claims that do not have NPIs until May 23, 2008. The Health Insurance Portability and Accountability Act (HIPAA) rules had specified May 23, 2007 as the date by which health professionals covered under HIPAA needed to have and use their NPI. The federal government took its recent action out of concern that a significant number of health plans and providers were not ready to use NPIs.

It is unclear when this CMS policy will end and when providers will be required to use only their NPI. The CMS notice states that providers definitely will have to use their NPIs on all claims as of May 23, 2008. However, Medicare may require exclusive use of NPIs at an earlier date, depending on whether a "sufficient number" of Medicare claims filed in coming months contain NPIs. The Centers for Medicare and Medicaid Services will notify providers before they begin rejecting claims that lack this identifier.

Private insurer requirements may vary
Rather than trying to change the HIPAA rules, CMS decided to encourage health plans to allow providers to use their legacy numbers by promising not to impose penalties on insurers that continue processing claims submitted with these numbers instead of with the NPI.

This leeway, however, does not preclude private insurers from requiring health professionals to submit claims as of May 23, 2007 using only their NPIs. If a private health plan has decided that it is ready to accept only NPIs, the insurer can deny claims -- both electronic and paper -- that do not have NPIs.

So it is crucial for you to check with all health plans you work with to learn their policy related to using NPIs versus provider legacy numbers in claims submission.

About the NPI
The NPI is a unique 10-digit number assigned to every health care provider who applies for it. The number is intended for use in identifying practitioners when they transmit health information electronically. Any private health insurer can mandate that health professionals who bill the insurer use an NPI, even if they submit claims by mail.
The APA Practice Organization strongly encourages practitioners who have not yet done so to obtain their NPI immediately.

**IMPORTANT NOTE ABOUT USING THE CMS-1500 CLAIM FORM:** As of June 1, 2007, health professionals who bill Medicare using paper claims must use the new CMS-1500 form. The new version, which indicates “Approved OMB-0938-0999 FORM CMS-1500 (08/05),” was redesigned to accommodate the inclusion of NPIs. Medicare will no longer accept the old version of the CMS-1500 form dated 12/90. If you use a billing company, be sure they have the updated claim forms and are prepared to use your NPI.
Section 2: The ABCs of the NPI

The creation and use of the National Provider Identifier (NPI) has raised a number of questions and issues for practicing psychologists. This question-and-answer article addresses several common inquiries.

Q. What is the NPI?
The NPI is a unique 10-digit number assigned to every health care provider or entity that applies for it. This number will replace other provider identification numbers, such as Medicare’s Unique Physician Identifier Number (UPIN), that have been assigned to health care professionals by government and private insurers for use in billing.
A. Once a health professional receives an NPI, that number is assigned to that health professional for his or her entire career, regardless of whether the health professional relocates, changes employers or even changes health professions.

Q. How is the NPI used?
A. The NPI is intended for use in identifying practitioners when they transmit health information electronically—for example, in submitting claims for payment and referral authorizations.

Q. Who must apply for an NPI?
A. All “covered entities” under the Health Insurance Portability and Accountability Act (HIPAA), which includes all health care professionals who are required to comply with this federal law, must obtain an NPI no later than the May 23, 2007 deadline. In essence, the need to comply with the Privacy Rule is triggered when a practitioner transmits protected health information in electronic form in connection with health care claims and other transactions as specified in the rule.

The HIPPA Compliance section of APAPractice.org contains further information about what constitutes a “covered entity” under HIPAA. In addition, the Centers for Medicare and Medicaid Services Web site includes “tools” for determining if you’re a covered entity. The relevant Web address is http://www.cms.hhs.gov/apps/hipaa2decisionsupport/default.asp.

Any private health insurer can require that health professionals who bill the insurer use an NPI, even if the billing is done by mail rather than electronically. This means that even psychologists who are not considered “covered entities” under HIPAA likely will be required to get an NPI.

Therefore, the APA Practice Organization encourages all psychologists who bill private and/or public health insurance plans, including federal and state programs, to obtain an NPI.

Q. If I am not currently covered under HIPAA and I apply for an NPI, will I automatically be required to comply with HIPAA?
A. No. Applying for an NPI does not “trigger” your having to comply with HIPAA.
Section 3. Do I Obtain One NPI or Two?

One of the most confusing aspects of the NPI application process applies to psychologists who have their own practices. The fundamental question is: Do I need to get just one NPI for my business, or two NPIs -- one for myself as a health care provider and one for my business?

Many psychologists assume that if they obtain an NPI for their business, they can use only that NPI on their insurance claim forms, and do not need to obtain a separate NPI for themselves as individual providers. However, many payers require that all providers obtain an NPI for themselves as individuals (referred to as a type 1 NPI), even if they are in solo practice and already have an NPI for their business (referred to as a Type 2 NPI).

For example, Medicare requires that all providers obtain an individual NPI in addition to a separate NPI for their business. Many other payers are also likely to require solo practitioners to submit two NPIs on their claim forms: using the individual NPI to identify themselves as the provider who rendered the services, and the business NPI to identify their business as the billing entity. The health care claim form accepted by payers, the CMS 1500 (08/05), has been revised to include space for two NPIs.

There is an exception to this rule for sole proprietorships, which are unincorporated businesses. Such businesses do not obtain a Type 2 NPI because they are not separately incorporated entities. Sole proprietors bill all insurers using only the individual NPI (Type 1).

When applying for an individual NPI, you must use your social security number or some other form of approved identification. When applying for a business NPI, you use the business’ tax identification number.

It is important to contact the payers with which you transact business about when they want you to begin using NPIs for billing purposes. As of May 23, 2007, some payers are allowing providers to submit their NPIs and/or their existing identifiers, such as the Medicare UPIN, on their health insurance claims. (See Section 1 for additional details.)
Section 4: How to Apply for Your National Provider Identifier

The steps you take to apply for a National Provider Identifier (NPI) depend on whether you file electronically or submit paperwork to obtain an NPI.

Electronic Application Process
Psychologists may complete and submit the NPI application form online by accessing https://nppes.cms.hhs.gov. You will be able to complete the application quickly, so long as you have all the required information ready before you begin. The list of information needed for individuals applying for an NPI includes:

- Health practitioner name
- Health practitioner date of birth
- Country of Birth
- State of Birth (if birth was in the United States)
- Health practitioner gender
- Social Security Number or other proof of identity
- Mailing address
- Practice location and phone number
- Taxonomy (see “Obtaining the Correct Taxonomy Code” below)
- State license information (required for certain taxonomies only)
- Contact person name
- Contact person phone number and e-mail

The Web site listed above will walk you through the steps involved in completing the application. The Center for Medicare and Medicaid Services (CMS) advises that electronic submission is the fastest way to obtain your NPI.

Paper Application Process
Any health care professional who wishes to complete a hard copy version of the application form and send it via regular mail must call 1-800-465-3203 to request a paper form. The application form may no longer be downloaded from the CMS Web site.

The application form is three pages long, followed by instructions for completing the form. Individuals who render health care services are asked to complete Sections 2A, 3, 4A and 5.

Application Form Submitted by an Employer
In some cases, a psychologist who is employed by a health care entity may find that the entity is willing to submit the NPI application on his or her behalf. For example, a hospital may do so for its employed providers. However, the health care entity is required to obtain your permission before filing an NPI application for you. If applicable, you could check with your billing or human resources department to find out whether your organization is planning to submit NPI applications for its employees.
Section 5. Guidance from the APA Practice Organization about Choosing a Taxonomy Code

In applying for your National Provider Identifier (NPI), the Centers for Medicare and Medicaid Services (CMS) requires that all types of health professionals list a “taxonomy code” or codes.

A taxonomy code is a 10-digit alphanumeric identifier separate from the NPI number used to describe your health care practice and the professional services you provide. According to CMS representatives, the purpose of including the taxonomy code as part of the application process is to help distinguish among health professionals – for example, where multiple providers have the same name.

Where to Find the Taxonomy Code List

The electronic version of the application lists the available taxonomy codes. First, you will be asked to choose among general categories of health care professionals. The applicable category for psychologists is “Behavioral Health and Social Service Providers.” Then you will be able to choose among more specific categories. Two of the categories are “Psychologist” and “Clinical Neuropsychologist.” The remaining categories pertaining to psychologists consist of 17 codes listed under “Psychologist.”

The paper version of the application form does not list the taxonomy codes. To obtain the list of available codes, the application instructs you to visit the following Web site: http://www.wpc-edi.com/taxonomy.

At the main page for this Web site address, you need to click on “Individual or Groups,” then click on “Behavioral Health and Social Service Providers.” That will take you to two codes applying to psychology – “psychologist” and “clinical neuropsychologist.” If you click on the term “psychologist,” you will see the list of 17 specialty codes that have been assigned to psychology.

Deciding What Taxonomy Code(s) to Choose

Practitioners who apply for their NPI need to decide which and how many taxonomy codes to choose. Unfortunately, there is no published guidance from the Centers for Medicare and Medicaid Services (CMS) regarding how to choose a code. Should practitioners choose a general code only, or one or more of the specialty codes? How do practitioners decide whether they "specialize" in an area of practice enough to identify themselves by one of the specialty codes?

Adding further confusion to this issue is that a practitioner's choice of taxonomy code may carry reimbursement or credentialing implications. This is the case even though the Centers for Medicare and Medicaid Services (CMS) included the taxonomy codes in the NPI process to help distinguish among health professionals, not for use by insurers in governing reimbursement. Officials with CMS have assured us that the agency does not intend for the Medicare or Medicaid programs to use the taxonomy codes to restrict the kinds of services that a health professional may bill and be reimbursed for providing.
Even so, it is likely that CMS will share your taxonomy code information with private health insurers and/or that these insurers will ask you for your taxonomy code(s). Because these codes have not routinely been used by private insurers for psychology, it is difficult to predict the impact of these codes on reimbursement. We do not yet know of any specific situations where insurers are using the taxonomy codes in connection with reimbursement.

The APA Practice Organization remains wary that third party payers may limit or deny reimbursement based on a psychologist’s choice of taxonomy codes (see note at the end of this material). For example, an insurer might deny payment for services that a psychologist provides to children if that practitioner has not chosen the specialty code for “clinical child and adolescent” from the taxonomy code list. Alternatively, insurers could decide not to pay for services that they believe are represented by certain specialties. For example, an insurer may not cover counseling and decide that all of the services furnished by psychologists who chose “counseling” as one of their taxonomy codes represent uncovered counseling services.

The APA Practice Organization is actively monitoring the potential for misuse of taxonomy code information and intends to take necessary actions to address any unintended uses of the taxonomy codes. But the fact of the matter is that, at the present time, we just do not know how payers may use this information.

With this as background, the APA Practice Organization evaluated the issue of choosing taxonomy codes and has identified at least three strategies:

One strategy would be to choose all the taxonomy codes that represent any area in which you practice. (You may opt to pick only the specialty codes and not a general taxonomy code.) This might have the advantage of protecting psychologists from being denied reimbursement or admission to a panel on the grounds that they did not choose a specific specialty. However, if an insurer sees any of the taxonomy code areas as representing services that the insurer does not cover, there is the risk that the company would argue that all of your services relate to that taxonomy code and deny payment for the services. In addition, if a psychologist selects a long list of specialty taxonomy codes, insurers might consider the practice so broad that they would question the practitioner’s expertise in any one of the specialty areas chosen.

A second strategy would be to list only the general "psychologist" or "clinical neuropsychologist" code. This may protect you against being pigeonholed into a particular specialty area. However, there could be a risk of payment denials if an insurer decided to only pay for services in a particular practice area when the services were furnished by psychologists who identify themselves as specializing in that area -- such as only paying for services to children when a practitioner chose the "Clinical Child and Adolescent" taxonomy code.
A third strategy would be to choose the code or codes that most accurately reflect your practice in its entirety, that is, the services you spend the majority of your time providing. For example, licensed psychologists with a broad-based practice might elect to choose just the “psychologist” code. On the other hand, psychologists who focus in specific practice areas may want to choose a specialty code or codes in addition to a general code. For example, a neuropsychologist who focuses on providing services to geriatric clients may wish to choose the “clinical neuropsychologist” code as well as the specialty code, “adult development and aging.” If that neuropsychologist also furnishes services such as psychotherapy, feedback, and or cognitive rehabilitation, he or she may also want to choose the “clinical” psychologist code. The APA Practice Organization generally advises practitioners to take this approach. Though no strategy is risk-free, this option represents a balance of the above two strategies and may minimize the risk of negative reimbursement consequences until we have a better sense of how insurers will use these codes.

**Changing Your Choice of Taxonomy Code**
Psychologists who have an NPI can change their taxonomy code designation at any time. The APA Practice Organization will update members if there are changes in taxonomy codes and/or our guidance for practitioners about selecting a code.

**Please Note:**
The APA Practice Organization is wary that third party payers could use taxonomy code information to limit or deny payment for services. We need your help as we work to mitigate the risk that the codes might be used adversely by insurers. Please let us know if you learn that your insurer is using your taxonomy code for any purpose, such as for making reimbursement decisions or credentialing. Call our legal and regulatory affairs staff toll-free at 1-800-374-2723, ext. 5886 or send an email to praclegal@apa.org.
Section 6: Changes in the NPI Taxonomy Codes for Psychology Effective April 1, 2007

APA was not included in the process when the psychology-related codes for the taxonomy code list were originally developed. Over the past year, the APA Practice Organization has taken its concerns about these codes to the National Uniform Claim Committee (NUCC), the group that maintains and refines the taxonomy code set. NUCC released updates to the taxonomy code set in January 2007 that better represent how psychologists typically practice. The changes became effective on April 1, 2007.

One substantial gain is the addition of a new taxonomy code called “Prescribing (Medical)” for use by psychologists who are authorized to prescribe psychotropic medications. Further, a taxonomy code for “Health” was reactivated to recognize it as a developing specialty within psychology.

In other changes:

- The “Neuropsychologist” code name has been changed to “Clinical Neuropsychologist.” Any practitioner who chose a “neuropsychologist” code before April 1, 2007 will be reassigned to the category of “clinical neuropsychologist” in April.

- Several taxonomy codes were renamed: the “Behavioral” code became “Cognitive and Behavioral;” the “Child, Youth and Family” code is now listed as “Clinical Child and Adolescent;” and “Psychotherapy, group” is known as “Group Psychotherapy.”

- Specialty taxonomy codes for “Educational,” “Men & Masculinity,” “Psychotherapy,” and “Women” were inactivated.

- A new definition for “Psychologist” appears on the NPI application form.

The list below identifies changes to the existing taxonomy codes pertaining to psychologists’ services that took effect on April 1, 2007. Taxonomy code changes are indicated in bold type.

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<tr>
<th>Existing Taxonomy List</th>
<th>Taxonomy List Effective 4/1/07</th>
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<tr>
<td>Neuropsychologist</td>
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<td><strong>Women</strong></td>
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Further information about how the psychology codes have been revised is available at [http://www.wpc-edi.com/content/view/515/229](http://www.wpc-edi.com/content/view/515/229). Click on “individual or groups,” then “behavioral health & social service providers,” followed by “Psychologist” or “Clinical Neuropsychologist.” The specialties are color-coded to indicate which ones have been changed.

For any psychologist who has already obtained an NPI, please note that if you chose as your only taxonomy code one of the codes that is being inactivated, you will no longer be associated with any taxonomy code effective April 1, 2007. You can update your NPI information and include a taxonomy code by visiting [https://nppes.cms.hhs.gov](https://nppes.cms.hhs.gov). Also importantly, any psychologist may change his or her choice of taxonomy code(s) at any time.

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