February 8, 2007 -- The May 23, 2007 deadline for obtaining a National Provider Identifier (NPI) is fast approaching. This article contains information about two related matters. Psychologists need to know about several changes in the NPI “taxonomy codes” that will take effect on April 1, including the addition of a new code available to psychologists who are authorized to prescribe psychotropic medications. Further, some practitioners are unclear about whether they need to obtain one or two NPIs.

The NPI is a unique 10-digit number assigned to every health care provider or entity that applies for it. It is intended for use in identifying practitioners when they transmit information electronically – for example, in submitting claims for payment and referral authorizations.

Federal law requires all “covered entities” under the Health Insurance Portability and Accountability Act (HIPAA) to obtain an NPI. In essence, the need to comply is triggered once a practitioner transmits “protected health information” in electronic form in connection with health care claims and other transactions as specified in the HIPPA rules.

Any private health insurer can require that health care professionals who bill the insurer use an NPI, even if the billing is done by mail rather than electronically. 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.

**Changes in the Taxonomy Codes for Psychology Effective April 1**

As part of the NPI application process, health professionals are required to list a “taxonomy code” or codes. A taxonomy code is a 10-digit alphanumeric identifier used to describe your health care practice and the services you provide.

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 the psychology-related 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 become effective on April 1.

One substantial gain by the APA Practice Organization is the addition of a new taxonomy code called “Prescribing (Medical)” for use by psychologists who are authorized to prescribe psychotropic medications. Louisiana psychologist and Committee for the Advancement of Professional Practice (CAPP) member Glenn Ally, PhD, MP, was instrumental in acquiring this new code. Also at APAPO’s urging, the NUCC is
reactivating a taxonomy code for “Health” to recognize it as a developing specialty within psychology. In other changes:

- The “Neuropsychologist” code name is being changed to “Clinical Neuropsychologist.”

- Several taxonomy codes are being renamed: the “Behavioral” code will become “Cognitive and Behavioral,” the “Child, Youth and Family” code will be listed instead as “Clinical Child and Adolescent,” and “Psychotherapy, group” will be known as “Group Psychotherapy.”

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

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

Until the updates become effective April 1, two categories for neuropsychologist will remain on the NPI application. Any practitioner who chooses one of these codes will be reassigned to the category of “clinical neuropsychologist” in April.

To see how the psychology codes have been revised, you may visit http://www.wpec-edi.com/content/view/515/229. Click on “individual or groups,” then click “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. You can update your NPI information and include a taxonomy code by visiting https://nppes.cms.hhs.gov.”

Those psychologists who want to choose “health” or “prescribing (medical)” can apply now using the general “psychologist” code and/or any other code that they feel applies to their practice, and then visit the Web site listed in the preceding paragraph beginning in April to add a “health” or “prescribing (medical)” taxonomy code.

To see additional considerations for psychologists in selecting taxonomy codes, click on the "TaxonomyCodes_Guidance.pdf” below.

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 prudent to obtain your NPI or NPIs as soon as possible before the May 23, 2007 application deadline.

It is important to contact the payers with which you transact business about when they want you to begin using NPIs for billing purposes. At this time, many payers allow providers to submit their NPIs as well as their existing identifiers, such as the Medicare UPIN, on their health insurance claims.

Some health care professionals are likely to wait until the last minute to obtain their NPI and pass it on to payers. Instead, taking the necessary steps now may minimize disruption in your reimbursement. Payers undoubtedly will face a crunch in transferring their system of identifying health care providers to using NPIs immediately after the May 23 application deadline.