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Stage 2 National Provider Identifier (NPI) Changes for Transaction 835, and Standard Paper Remittance Advice, and Changes in Medicare Claims Processing Manual, Chapter 22 — Remittance Advice

Key Words

MM5081, CR5081, R996CP, NPI, 835, SPR, ERA, Claims, Remittance, Advice, Legacy, Provider, Identifier

Provider Types Affected

All Medicare physicians, providers, suppliers, and billing staff who submit claims for services to Medicare contractors (Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), Carriers, and Durable Medical Equipment Regional Carriers (DMERCs) and DME Medicare Administrative Contractors (DME MACs))

Key Points

Important Note: Medicare fee-for-service has instituted a contingency plan for NPI implementation that delays the requirement for the NPI beyond May 23, 2007. For details regarding this delay, please see MLN Matters article MM5595 at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5595.pdf> on the CMS website.

- The effective date of the instruction is October 1, 2006.
- The implementation date is October 2, 2006.
- The Centers for Medicare & Medicaid Services (CMS) has defined legacy provider identifiers to include Online Survey, Certification, and Reporting; National Supplier Clearinghouse; Provider Identification Numbers; National Council of Prescription Drug Plans pharmacy identifiers; and Unique Physician Identification Numbers.
- CMS's definition does not include taxpayer identifier numbers (TIN) such as Employer Identification Numbers (EINs) or Social Security Numbers (SSNs).
- Change Request (CR) 4320 (<http://www.cms.hhs.gov/Transmittals/downloads/R2040TN.pdf>) instructs contractors in the proper use and editing of NPIs received in electronic data interchange transactions, via direct data entry screens or paper claim forms.

Note: Providers need to be aware that these instructions that impact contractors will also impact the content of their Standard Paper Remittance (SPR), Electronic Remittance Advice (ERA), and their PC print and Medicare Remit Easy Print (MREP) software.

- The following dates outline the regulations from January 2006 forward:
 - **January 3, 2006 - October 1, 2006:** Medicare rejects claims with only NPIs and no legacy number.
 - **October 2, 2006 - May 22, 2007:** Medicare will accept claims with a legacy number and/or an NPI and will be capable of sending NPIs in outbound transactions; e.g., ERA.
 - **May 23, 2007 – Forward:** Medicare will only accept claims with NPIs. Small health plans have an additional year to be NPI compliant. (See **Important Note above.**)
- Medicare providers may want to be aware of the following Stage 2 scenarios so that they are compliant with claim regulations and receive payments in a timely manner.

Stage 2 Scenarios

- During Stage 2, if an NPI is received on the claim, it will be crosswalked to the Medicare legacy number(s) for processing. The crosswalk may result in the following scenarios:
 - **Scenario I – Single NPI crosswalked to single legacy number:**
 - ERA: Providers should use the TIN (EIN/SSN) at the Payee level as the Payee ID and the legacy number in the REF segment as Payee Additional ID. Providers should then add the NPI at the claim and/or at the service level, if needed.
 - SPR: Providers should insert the legacy number at the header level and the NPI at the claim and/or the service level, if needed.
 - PC Print Software: Providers should show the legacy number at the header level and the NPI at the claim and/or at the service level, if needed.
 - MREP software: Providers should show the legacy number at the header level and the NPI at the claim and/or at the service level, if needed.
 - **Scenario II: Multiple NPIs crosswalked to Single Medicare legacy number:**
 - ERA: Providers should use the TIN (EIN/SSN) at the Payee level as the Payee ID and the legacy number in the REF segment as Payee Additional ID. Providers should then add the specific NPIs at the claim and/or the service level, if needed. Providers will need to identify the specific NPI associated with the claim(s)/service lines included in the ERA using additional information provided on the claim.
 - SPR: Providers should insert the legacy number at the header level. They should also add the specific NPIs at the claim and/or the service level, if needed.
 - PC Print Software: Providers should show the legacy number at the header level and the specific NPI at the claim and/or the service level, if needed.
 - MREP software: Providers should show the legacy number at the header level and the specific NPI at the claim and/or the service level, if needed.

- **Scenario III: Single NPI crosswalked to Multiple Medicare legacy numbers:**
 - ERA: Providers should use the TIN (EIN/SSN) at the Payee level as the Payee ID and the appropriate legacy number in the REF segment as Payee Additional ID. Providers should then add the NPI at the claim and/or the service level, if needed. (Under this scenario, if there are 50 claims with the same NPI that crosswalks to 5 legacy numbers, CMS will issue 5 separate RAs and 5 separate checks/ electronic funds transfer (EFT) per each legacy number.)
 - SPR: Providers should insert the appropriate legacy number at the header level and the NPI at the claim and/or at the service level, if needed.
 - PC Print Software: Providers should show the appropriate legacy number at the header level and the NPI at the claim and/or service level, if needed.
 - MREP software: Providers should show the appropriate legacy number at the header level and the NPI at the claim and/or at the service level, if needed.

Note: The SPR for institutional providers would include NPI information at the claim level. NPI information for professional providers and suppliers would be sent at the service level.

- CMS will adjudicate claims based upon Medicare legacy number(s) even when NPIs are received and validated.
- The ERA may be generated for claims with the same legacy numbers but different NPIs.
 - These claims with different NPIs will be rolled up and reported in a single ERA accompanied by one check or EFT.
- During Stage 2, Medicare will report both the legacy number(s) and NPI(s) to providers enabling them to track payments and adjustments by both identifiers.
 - The Companion Documents will be updated to reflect these changes.
 - The updated documents will be posted at http://www.cms.hhs.gov/ElectronicBillingEDITrans/11_Remittance.asp#TopOfPage on the CMS website.

Important Note: The above scenarios will change under Stage 3 of Medicare's NPI implementation. Providers need to review and understand the impact of Stage 3 on remittances, as discussed in the MLN Matters article MM5452, which is at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5452.pdf> on the CMS website.

Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5081.pdf> on the CMS website.

The official instruction (CR5081) issued regarding this change may be viewed at <http://www.cms.hhs.gov/transmittals/downloads/R996CP.pdf> on the CMS website.

The revised sections of Chapter 22 of the *Medicare Claims Processing Manual* (Remittance Advice) is attached to CR5081.

The MLN Matters article that provides additional information about Stage 1 Use of NPI is available at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4320.pdf> on the CMS website.

If affected providers have any questions, they should contact their carrier/FI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.