South Carolina
DEPARTMENT OF HEALTH AND HUMAN SERVICES
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January 18, 2007

MEDICAID BULLETIN

CHIR	*07-01*	*OMP-NPS*	*07-01*
CLTC *	*07-01*	*OMP-PSY **	*07-01*
DEN	*07-03*	*OMP-THER-AUD*	*07-01*
DME	*07-02*	*OMP-THER-OT*	*07-01*
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HOS-IP-IMD	*07-03*	*PHARM*	*07-02*
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MC-DE	*07-01*	*PHY-ER*	*07-02*
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MCCA	*07-01*	*PHY-PC-PED*	*07-02*
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MHRC-PMHC *	*07-01*	*PHY-RAD*	*07-02*
NF-GEN	*07-01*	*PHY-S*	*07-02*
NF-ICF/MR	*07-01*	*PHY-SPEC*	*07-02*
NF-IMD	*07-01*	*PHY-SURG*	*07-02*
NF-IP/IMD	*07-01*	*POD*	*07-02*
NF-SB	*07-01*	*TRANS-AMB*	*07-01*
OMP-CRNA	*07-01*	*VIS*	*07-01*
OMP-NM	*07-01*	*XRAY-IND*	*07-01*
OMP-NP	*07-01*		

TO: **Providers Indicated**

* Targeted Providers

SUBJECT: **South Carolina Medicaid National Provider Identifier Enumeration Guidelines and Impact on Billing and Payment**

The National Provider Identifier (NPI) final rule was published on January 23, 2004, by the Federal Government as part of the Health Insurance Portability and Accountability Act (HIPAA). The rule requires the NPI as the standard unique identifier for health care providers. The rule requires covered health care providers, clearinghouses, and health plans to use this identifier in HIPAA-covered transactions by May 23, 2007.

The South Carolina Medicaid Program meets the definition of a health plan and is required to support the NPI requirements in order to continue to pay providers for services rendered.

Currently South Carolina Medicaid Providers submit standard electronic transactions and paper based claim forms using the six-character South Carolina Medicaid provider number on:

- Electronic Institutional Claims
- Electronic Professional Claims
- Electronic Dental Claims
- Electronic Pharmacy Claims
- Electronic Claim Status Inquiries and Responses

Fraud & Abuse Hotline 1-888-364-3224

- Electronic Recipient Eligibility Inquiries and Responses
- Paper Based 1500 Claims
- Paper Based UB Claims
- Paper Based ADA Claims

Additionally, providers receive the six-character Medicaid provider number in return on:

- Electronic Remittance Advices
- Paper Remittance Advices
- Other South Carolina Correspondence

Effective May 23, 2007, the South Carolina Department of Health and Human Services (SCDHHS) will require the use of the National Provider Identifier (NPI), instead of the six-character South Carolina Medicaid provider number, on all electronic transactions and paper based (hard copy) claims.

The SCDHHS offers the following guidelines for providers applying for a National Provider Identifier (NPI).

SCDHHS strongly encourages providers to get one NPI for each active Medicaid provider number with the exception of an unincorporated sole proprietor/ sole proprietorship.

There are two types of NPIs as explained below:

Entity Type 1/Individuals

1. An individual person is an Entity Type 1 (Individual) and is eligible for a single NPI.

    Each individual must register a taxonomy code with Medicaid that reflects their provider type and specialty. The taxonomy code should be included on the claim in addition to the NPI.

    TAXONOMY CODE:
    The taxonomy code is the national standard code for identifying a provider's type and specialty. The code is a 10 digit number in which the last character is always an 'X'. When applying to the National Plan and Provider Enumeration System for your NPI, you will be asked to choose your Taxonomy Code (when applying on-line, there are drop down screens to help you choose the correct Taxonomy Code which applies to your practice). You can also obtain a list of current Taxonomy Codes from **www.wpc-edi.com**.

SOLE PROPRIETORSHIP and NPI ASSIGNMENT:
A sole proprietorship is a form of business in which one person owns all of the assets of the business and the sole proprietor is solely liable for all the debts of the business. There is no difference between a sole proprietor and a sole proprietorship.

In terms of NPI assignment, an <u>unincorporated</u> sole proprietor/sole proprietorship is an Entity Type 1 (Individual) and is eligible for a **single** NPI. In other words, you will no longer have both a group and individual number. You will simply have one NPI that represents both the individual provider and the practice. When registering for your NPI, you may register with either your Federal Tax ID or your personal Social Security number.
<u>Unincorporated</u> sole proprietors/proprietorships that are currently enumerated with Medicaid with multiple provider numbers will be expected to obtain just one NPI and then register the NPI for each legacy Medicaid number with a unique taxonomy code to denote their provider type and specialty. The provider will also be expected to utilize that same taxonomy code on the claim.

For information on Incorporated Individuals, see Entity Type 2 Organizations.

<u>Examples</u>

Example 1:   <u>Unincorporated</u> dentist that has one legacy Medicaid number:

- Dentist

The <u>unincorporated</u> dentist would obtain a Type 1 Individual NPI.

Example 2:   <u>Unincorporated</u> sole proprietor physician that has three Medicaid legacy provider numbers:

- Individual physician
- Group physician
- Durable medical equipment (DME)

The <u>unincorporated</u> sole proprietor physician would obtain one NPI and register one taxonomy code for the physician, a second taxonomy code for the physician group, and a third taxonomy code for the DME. There will be three unique taxonomy codes. The provider must utilize the NPI, along with the appropriate taxonomy code, when billing claims to Medicaid.

Entity Type 2 Organizations

1. Enrolled Medicaid organization health care providers who are covered entities under HIPAA must apply for NPIs as Organizations (Entity Type 2). Organization health care providers are corporations or partnerships, or other types of businesses that are considered separate from an individual health care provider. An Incorporated Individual Provider is considered an Organization.

2. Subparts of such Organization health care providers that apply for NPIs are also Organizations (Entity Type 2).

    *   A subpart is not itself a separate legal entity, but is a part of a covered Organization health care provider that is a legal entity. (All covered entities under HIPAA are legal entities.)
    *   A subpart furnishes health care
    *   A subpart may or may not be located at the same location as the covered Organization health care provider of which it is a part.

3. Subpart Determination - The Organization or group practice may need to obtain unique Type 2 NPIs for components or locations meeting any of the following criteria:

    *   Operates independently from the "parent" organization
    *   Certified by the State separately from the "parent" organization
    *   Must be uniquely identified in HIPAA standard transactions

4. Organizations may choose to enumerate with one NPI for each Medicaid legacy provider number or one NPI for multiple Medicaid legacy numbers. If an organizational provider chooses to enumerate multiple Medicaid provider numbers with the same NPI, one of the following must be true:

    *   A unique taxonomy code must be registered with the NPI for each Medicaid provider number and then used in the claim record. (Inpatient and outpatient hospital providers billing on the UB-04 or 837I can use the same taxonomy code on the claim since the Type of Bill on these claims reflects whether the claim is for inpatient or outpatient hospital services. However, unique taxonomy codes will be required if the hospital is enumerated by Medicaid with more than one inpatient or more than one outpatient legacy provider number; OR

- A unique zip+4 must be registered with the NPI, which reflects the physical location of the primary practice location. Likewise, the address of the physical location where the service is rendered, including the zip+4, must be included in the Service Facility Location of the claim record <u>when it is different from the primary practice location registered with Medicaid for the NPI</u>. In this case, the zip+4 of the Service Facility Location must match the zip+4 on the legacy Medicaid provider file for that practice location. Hospital providers should note that while the Service Facility Location is a part of the 837I, it is not included on the UB-04.

TAXONOMY CODE:
The taxonomy code is the national standard code for identifying a provider's type and specialty. The code is a 10 digit number in which the last character is always an 'X'. When applying to the National Plan and Provider Enumeration System for your NPI, you will be asked to choose your Taxonomy Code (when applying on-line, there are drop down screens to help you choose the correct Taxonomy Code which applies to your practice). You can also obtain a list of current Taxonomy Codes from **www.wpc-edi.com**.

5. Providers that are enrolled with Medicare, as suppliers of durable medical equipment, prosthetics, orthotics and supplies (DMEPOS), must designate each practice location (if it has more than one) as a subpart and ensure that each subpart obtains its own unique NPI. Federal regulations require that each location of a Medicare DMEPOS supplier have its own unique billing number. In order to comply with that regulation, each location must have its own unique NPI.

<u>Examples</u>

Example 1:   Hospital currently has four Medicaid legacy numbers.

- Inpatient
- Outpatient
- Physician group
- Ambulance

Scenario A: The hospital may choose to enumerate the hospital and designate the physician group and the ambulance as subparts. In this case the provider would have three NPIs - one NPI for the hospital, a second NPI for the physician group, and a third NPI for the ambulance. The provider would use the corresponding NPI when billing Medicaid.

Scenario B: The hospital might also decide to enumerate with one NPI. In this case, the taxonomy code registered with Medicaid for the inpatient and outpatient provider numbers can be the same, but the taxonomy codes registered for the physician group and the ambulance must be unique. Medicaid expects one taxonomy code for the inpatient and outpatient providers, a second taxonomy code for the physician group, and a third utilize the NPI and appropriate taxonomy code when billing claims to Medicaid.

Example 2: Pharmacy provider currently has two Medicaid numbers.

- Pharmacy
- DME

Scenario A: The provider may choose to enumerate the pharmacy and designate the DME business separately as a subpart. In this case the provider would have one NPI for pharmacy and a second NPI for DME. The provider would use the corresponding NPI when billing Medicaid.

Scenario B: The provider may choose to enumerate with one NPI. If the provider chooses one NPI, a unique taxonomy code must be registered with Medicaid for the pharmacy services and another taxonomy code must be registered for the DME services. The provider must utilize the NPI and appropriate taxonomy code when billing claims to Medicaid.

Example 3: A physician group currently has two unique provider numbers; one for the physician group and another for the rural health care clinic services (RHC).

Scenario A: The provider may choose to enumerate the physician group and designate the RHC as a subpart. In this case, the provider would have one NPI for the physician group and a second NPI for the RHC. The provider would use the corresponding NPI when billing services.

      Scenario B: The provider may choose to enumerate with one NPI. If the provider chooses to enumerate with one NPI, a unique taxonomy code must be registered with Medicaid for the physician group the RHC clinic. The provider must include the NPI and the appropriate taxonomy code when billing claims to Medicaid.

Example 4:   A group practice is currently enrolled with a unique Medicaid legacy group provider number for each practice location and all practice locations have the same Employer Identification Number (EIN).

      Scenario A: The group practice can choose to enumerate each location separately as a subpart. The provider would use the corresponding NPI when billing for each location.

      Scenario B: The group practice can choose to enumerate with one NPI. In this case, the provider must include the practice location where the service was rendered in the Service Facility Location of the claim record when the practice location is not the primary practice location for the NPI. Furthermore, the zip+4 of the Service Facility Location must match the zip+4 on the legacy Medicaid provider file for that practice location.

Example 5:   An organization with multiple physician practices when each practice has a different specialty.

      Scenario A: The organization can designate each practice as a subpart and enumerate each practice with a separate NPI. In this case the organization must use the corresponding NPI when billing Medicaid.

      Scenario B: The organization can enumerate with one NPI. In this case, the organization must register a unique taxonomy code with Medicaid for each practice and then must use the NPI and the appropriate taxonomy code on the claim when billing for services.

Example 6:   An organization with multiple locations and different Employer Identification Numbers (EINs) for each location.

The provider must obtain a separate NPI for each location since they have separate Employer Identification Numbers (EINs).

Example 7:   <u>Incorporated</u> sole proprietor physician that has three legacy Medicaid provider numbers:

- Individual physician
- Group physician
- DME

Scenario A: The physician would obtain a Type 1 Individual NPI for himself and another Type 2 Organization NPI for the physician group. The physician could also designate the durable medical equipment component of his practice as a subpart and obtain a third NPI for DME services.

Scenario B: The physician would obtain a Type 1 Individual NPI for himself and another Type 2, Organization NPI for the physician group. The physician could choose to use the same NPI for the physician group and the DME services. If so, a unique taxonomy code must be registered with Medicaid for the physician group services and another taxonomy code must be registered for the DME services. The provider must utilize the NPI and appropriate taxonomy code when billing claims to Medicaid.

Billing and Payments

1.   Effective immediately, providers, <u>with the exception of pharmacies</u>, must include their six-character Medicaid ID and <u>should</u> include their <u>NPI and taxonomy code</u> on electronic claims when billing Medicaid. <u>Pharmacy providers will not use their NPI and taxonomy until May 23, 2007.</u>

Effective January 1, 2007 through May 22, 2007 providers billing on a hard copy CMS-1500 must include their six-character Medicaid ID and <u>should</u> include their <u>NPI</u>.

Effective March 1, 2007 providers billing on a hard copy UB-04 or ADA claim form must include their six-character Medicaid ID and should include their NPI.

Effective May 23, 2007, providers must include their NPI and taxonomy code on both electronic and hard copy claims. The Medicaid six-character number cannot be included beginning May 23, 2007.

2.   The taxonomy code for the provider must be included on the claim and it must be the same as the taxonomy code the provider registered with Medicaid.

3.   The Service Facility Location of the claim record must be populated when the service is rendered at a location different from the primary practice location of the billing provider's NPI. When used, the zip+4 of the Service Facility Location must match the zip+4 on the legacy Medicaid provider file for that practice location. The UB-04 claim form does not include a field for the Service Facility Location.

4.   Payments will be made to the NPI. The 835 standard transaction remittance advice does not include the taxonomy code. **This means that all claims billed under one NPI will be combined on the 835 remittance. The same is true of the hard copy remittance advice**.

5.   If an organization provider requires separation of payment and/or remittances, separate NPIs must be obtained and then registered with Medicaid. This does not apply to unincorporated individual providers since they are only eligible for one NPI.

Questions regarding this Medicaid Bulletin may be directed to your program manager.

/s/

Robert M. Kerr
Director

RMK/smbb

Attachments

NOTE: To receive Medicaid bulletins by email, please send an email to bulletin@scdhhs.gov indicating your email address and contact information.
      To sign up for Electronic Funds Transfer of your Medicaid payment, please go to the following link for instructions: http://www.scdhhs.gov/dhhsnew/serviceproviders/eft.asp