

## **CHANGES FOR NATIONAL PROVIDER IDENTIFIER (NPI) AND TAXONOMY CODE**

Regulations implementing the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) require the use of National Provider Identifiers (NPIs) by covered health care providers and health plans (other than small plans) on or before May 23, 2007. In many cases, institutional health care providers operate one or more organizational units or subparts that provide different types of care and are reimbursed differently from the parent organization. Because CMS cannot be certain that institutional providers will apply for unique NPIs for each of their subparts (i.e., psychiatric units, rehabilitation units, etc.), CMS has recently determined that a taxonomy code will be required in addition to the NPI. The combination of NPI and taxonomy code will allow CMS to identify organizational subparts requiring alternate reimbursement.

### **BACKGROUND INFORMATION**

The NPI final rule published on January 23, 2004 did not contain specific instructions for hospitals with subparts. Subparts are smaller organizations within a larger entity that provide a unique type of care and are reimbursed differently than their parent (hospital) organization. Examples of subparts include rehabilitation or psychiatric distinct part units, ambulatory surgery centers, and mental health centers. Traditionally, Medicare has treated subparts as if they were unique entities and assigned each its own six-character Medicare identifier or "OSCAR" number.

In January 2006, CMS published guidelines recommending that participating hospitals acquire separate NPIs for each organizational subpart that is currently assigned a unique OSCAR number. Upon review, CMS has determined that hospitals have not followed these guidelines. Therefore, on August 4, 2006, CMS published Transmittal 1024, *Reporting of Taxonomy Codes to Identify Provider Subparts on Institutional Claims*, which requires providers with subparts to submit a 10-digit taxonomy code in addition to the NPI for all claims. The taxonomy code will allow Medicare to identify facility/unit types within a single NPI-assigned entity. Since its initial publication date, this transmittal has been corrected and reissued five times, with the most recent version (Transmittal 1133) being published on December 19, 2006.

### **POLICY IMPLEMENTATION**

Institutional providers that currently bill Medicare using more than one legacy Medicare identifier (or OSCAR number) to identify subparts are required to submit a taxonomy code on all of the claims submitted to Medicare. Taxonomy codes are required regardless of whether the facility has applied for individual NPIs for each of its subparts. Institutional providers that do not currently bill Medicare for subparts are not required to use taxonomy codes. Medicare is also requiring a nine-digit provider ZIP code on each claim. The ZIP code will be used to further clarify which specific reimbursement rules and rates apply, in cases where the NPI and taxonomy code do not uniquely identify the provider subpart.

The following table supplies a crosswalk from OSCAR number to taxonomy code based on the provider's facility type:

PROVIDER TYPE	OSCAR OR LEGACY CODING	TAXONOMY CODE
Short-term (General and Specialty) Hospitals	0001-0879 * *Positions 3-6	282N00000X
Critical Access Hospitals	1300-1399 *	282NC0060X
Long-Term Care Hospitals	2000-2299 *	282E00000X
Hospital Based Renal Dialysis Facilities	2300-2499 *	261QE0700X
Independent Renal Dialysis Facilities	2500-2899 *	261QE0700X
Rehabilitation Hospitals	3025-3099 *	283X00000X
Children's Hospitals	3300-3399 *	282NC2000X
Hospital Based Satellite Renal Dialysis Facilities	3500-3699	Type of Bill code 72X + 261QE0700X + different ZIP code than any renal dialysis facility issued an OSCAR that is located on that hospital's campus
Psychiatric Hospitals	4000-4499 *	283Q00000X
Organ Procurement Organization (OPO)	P in third Position	335U00000X
Psychiatric Unit	M or S in third Position	273R00000X
Rehabilitation Unit	R or T in third Position	273Y00000X
Swing-Bed Unit	U, W, Y, or Z in third Position	Type of Bill Code X8X (swing bed) with one of the following taxonomy codes to define the type of facility in which the swing bed is located:  275N00000X if unit in a short-term hospital (U),  282E00000X if unit in a long-term care hospital (W),  283X00000X if unit in a rehab facility (Y),  282NC0060X if unit in a critical access hospital (Z).

### **FOR FURTHER INFORMATION**

Additional information on the NPI can be found in *Industry Insight No. 268, HIPAA National Provider Identifiers – Final Rule* and in *Industry Insight No. 340, Applications Begin for National Provider Identifiers*.

Be sure to check the Ingenix Web site for up-to-date information on the NPI, as well as other Medicare regulatory changes. You will find **Industry Insights**, as well as source documents and relevant statistics, under "News & Events" (<http://www.ingenix.com/News/Industnews/>).