

PC-ACE Pro32 National Provider ID (NPI) Implementation & Configuration Guide

6/14/2008

System Designs, Inc (SDI) has designed PC-ACE Pro32 to handle the unique challenges of the National Provider Identifier (NPI) implementation. CMS is now requiring that NPIs be reported for all providers on Medicare claims. However, the rules governing NPI, legacy ID and Tax ID reporting imposed by Medicaid and the universe of private payers are not nearly as straightforward. This technical note describes where and how a user should enter NPIs in PC-ACE Pro32 (with and without legacy IDs). It also describes how PC-ACE Pro32's flexible NPI editing and legacy ID handling capabilities can be configured "behind the scenes" to meet the requirements of your various destination payers.

Summary of NPI Support Features

The following list summarizes the major PC-ACE Pro32 changes to support Stage 3 and Stage 4 of the phased NPI implementation :

Note: Stage 4 of the phased NPI implementation applies to "small health plans" which were to be given an additional year to roll out NPI support. It is unclear whether or not the Stage 4 concept remains relevant given the nationwide one-year delay in the Stage 3 NPI implementation. PC-ACE Pro32 continues to support the Stage 4 concept in our configuration screens in the event this small health plan extension should be reinstated.

- ❖ The start dates for Stage 3 and Stage 4 are programmable. This provides the flexibility necessary to respond to NPI implementation schedule changes on a line of business (LOB) specific, or even payer-specific basis. Separate Stage 3 start dates may be configured for primary providers (billing, rendering, pay-to) versus secondary providers (attending, referring, etc.).
- ❖ Numerous claim and provider reference file edits have been added and/or modified to automatically apply the correct NPI requirement rules based on these programmable Stage 3/4 start dates.
- ❖ A flexible mechanism has been implemented in the claim prepare and claim print modules to control suppression of legacy IDs during Stages 2/3/4 as required by the payer. This feature permits compliance with Stage 3/4 legacy ID reporting rules without requiring users to delete legacy IDs from their provider, physician and/or facility reference files. This benefit is especially important to users who import claims into PC-ACE Pro32 since the NPI may not be available in the import file. PC-ACE Pro32 will continue to accept legacy IDs on claim import files and lookup the required NPI values from matching records in the provider, physician and facility reference files.
- ❖ Two special pseudo NPI values "EXEMPT" and "SMALL" are accepted as valid on claims and on the provider, physician and facility reference files. Providers, physicians and facilities who are not eligible to receive NPIs should enter "EXEMPT" when an NPI is required by the edits. Small health plans who are not required to report NPIs during Stage 3

should enter "SMALL" to reflect this status. These pseudo NPI values provide an elegant approach to handling "atypical" service providers and other entities who are not bound by the mainstream NPI reporting rules. Note that these pseudo NPI values will never be reported in the ANSI-837 output files or on printed claims. They are simply placeholder values designed to eliminate the need for numerous and unforeseeable edit exceptions relating to NPI reporting.

Entering the Provider's NPI into PC-ACE Pro32

The provider reference files on existing PC-ACE Pro32 installations will already be configured with the provider's legacy ID in the "Provider ID/No." field. Providers who have received their NPI should simply enter this number in the separate "NPI" field. The following screenshot excerpts depict the relevant fields configured per this recommendation ...

Provider ID/No. LOB NPI Extended Info Provider ID/No Type

SDI does **not** recommend that the NPI be entered in the "Provider ID/No." field for provider records that were originally setup with a legacy ID. Replacing the legacy ID can lead to claim import problems, and will make researching or reactivating previously transmitted claims more difficult. The fact that legacy IDs may remain on the provider records (and even claims) has no bearing on the Stage 3 compliance of the ANSI-837 electronic files or printed claims generated by the program (read on to understand the legacy ID reporting options).

It may be appropriate to enter only the NPI for new providers added to PC-ACE Pro32 after Stage 3 implementation begins. Certainly, this is the case if the provider was never issued a legacy ID in the first place. Be mindful that the provider's legacy ID, if it exists, may still be needed if claims for this provider will be imported into PC-ACE Pro32 from another program (which may not have the ability to output NPI values). The following screenshot excerpts depict how an NPI-only provider would be setup ...

Provider ID/No. LOB NPI Extended Info Provider ID/No Type

It is acceptable, but not necessary, to duplicate the NPI value in the "NPI" field in this NPI-only configuration. The program will also allow the "NPI" field to be left empty to save keystrokes.

These two approaches for entering the NPI in the provider screen will produce identical results in the ANSI-837 output file.

Configuring the NPI Support Options

Now that Stage 3 of the phased NPI implementation is officially underway, most PC-ACE Pro32 builds have been configured with the final Stage 3 start date of 5/23/2008 (the end of the contingency period), and a Stage 4 start date of 11/23/2008 (arbitrarily chosen 6 months after the Stage 3 start date). To accommodate payer-specific NPI editing and legacy ID handling requirements, your custom PC-ACE Pro32 build may have separate NPI rules defined for non-Medicare LOBs and/or individual payers. SDI offers the following guidelines for configuring the edit and legacy ID options available for the various stages of the phased NPI implementation.

Stage 3 Is Here! ... For Some Payers

Stage 2 of the phased NPI implementation required that a legacy ID be submitted for all primary/secondary providers and service facilities. This requirement was irrespective of whether or not the provider's NPI was also being transmitted. Payers generally followed the WEDI guidelines which encouraged submission of "dual" identifiers during Stage 2 of the phased implementation. Providers have been encouraged to enter their NPIs into PC-ACE Pro32 as soon as they were received. Transmission of both the provider's legacy ID and NPI during Stage 2 has facilitated the creation of internal crosswalk databases that are now being used by payers during Stage 3 implementation (since legacy IDs are no longer allowed).

CMS began moving beyond Stage 2 during the first quarter 2008 by first requiring NPIs for primary providers (effective 1/1/2008 for Part A and 3/1/2008 for Part B). CMS then encouraged providers to send in test submissions without the Medicare legacy IDs (i.e., NPI-only). Effective on 5/23/2008, the move to full Stage 3 NPI rules went into effect for all Medicare claims. Both primary and secondary providers are now required to report their NPIs. Medicare legacy IDs are no longer allowed for any provider. All custom PC-ACE Pro32 builds are now processing Medicare claims per these rules.

Effective on 5/23/2008, the following specific edit changes went into effect automatically for all Medicare claims:

- Primary providers (billing, rendering, pay-to) setup in the provider reference files are now required to have an NPI in either the "NPI" field or the main "Provider ID/No." field (with ID Type = "XX"). This requirement is enforced in two places: (a) a fatal edit is reported when an attempt is made to save a new/modified provider record if the NPI is not present ; and (b) a fatal edit is reported when saving any claim which references a billing/rendering provider that doesn't have the NPI setup in the provider reference file. In this latter situation, the user is required to correct the problem in the provider reference file and then reprocess the claim.
- Secondary providers (attending, operating, other, referring, etc.) are also required to report an NPI in any billing scenario where a legacy ID was formerly required. Users identify the NPI in recurring field sets by entering "XX" in the ID Type field. Fatal claim edits enforce this NPI requirement. Note: Secondary provider NPIs which are set up in advance on the

Physician or Facility reference files will automatically populate into the claim during lookups (hand-keyed or imported claims).

- The Stage 2 requirements for legacy ID reporting expired automatically on the Stage 3 start date. Legacy IDs are no longer required on claims or the provider reference file.

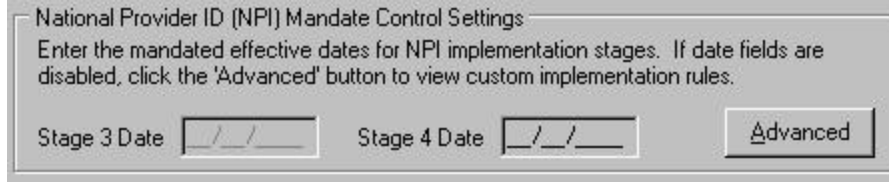
Here are a few related operational notes concerning these Stage 3 edit changes:

1. The reality of NPI is that there will always be "atypical" providers and other entities who for various reasons are either not eligible to receive an NPI, not required to request an NPI, or have been given an extension to comply with the NPI mandates. It would be virtually impossible to edit for all the possible exceptions to the NPI requirement rules. Instead, we decided on an approach which allows the user to tell the program when an NPI exemption is in effect. Users should be instructed to simply enter the pseudo NPI value "**EXEMPT**" instead of a valid NPI if the entity is exempt from NPI reporting. Use the pseudo NPI value "**SMALL**" for small health plans and other entities that don't have to comply until the Stage 4 start date. The program will accept the pseudo NPI values "EXEMPT" and "SMALL" during Stage 3, but only "EXEMPT" will be allowed during Stage 4. Note that these pseudo NPI values exist only to simplify editing, and will not be reported in any electronic or printed output file produced by the program.
2. While legacy IDs are no longer required during Stage 3 (and will be rejected by CMS and some private payers), it is still acceptable to include these legacy IDs on PC-ACE Pro32 claims and reference files. A flexible filtering mechanism has been implemented which controls when, if ever, these legacy IDs are to be reported on ANSI electronic files or printed claims produced by the program. This feature insures compliance without requiring the user to make changes to their reference files when Stage 3 is implemented. It also greatly eases the transition for users who import claims into the product, since the older systems producing the import files will very likely continue to report only legacy IDs in these files.

Unfortunately, not all payers were ready to move to full Stage 3 NPI rules on 5/23/2008. Some payers have announced target dates for this final transition, while others have simply stated that they will be ready "at a future date." PC-ACE Pro32 supports flexible LOB-specific and/or payer-specific configuration options to accommodate this real world NPI implementation rollout. The remainder of this document describes how to configure these NPI rules to meet the unique requirements of your payer universe.

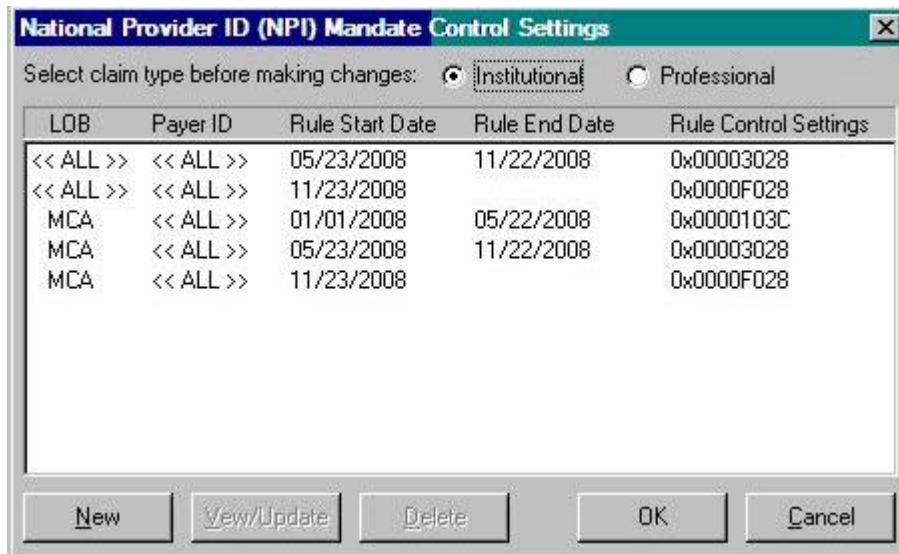
Configuring the NPI Editing Options

Configuration of the NPI handling rules is performed from a normally-hidden tab in the PC-ACE Pro32 preferences screen. From the program's main toolbar, select the "**File**" and "**Preferences**" menu items, and log in when prompted. Type the ampersand "&" (i.e., "<SHIFT>7") character and select the "**System (2)**" tab. You will see the following control group on this tab ...



The original plan for the nationwide NPI rollout was that all payers would be ready for full Stage 3 rules on the same date (5/23/2007). This simplified user interface was designed with that original plan in mind. The intent was to provide a very simple way for a user to change the Stage 3 start date should an implementation delay be announced at the last minute. Unfortunately, this idealistic approach to the NPI rollout never came to pass. This is evidenced by the fact that the Stage 3/4 Start Date controls on this screen are empty and disabled (grayed out) on your custom build, indicating that the NPI mandate rules are somewhat more complicated.

Click the "**Advanced**" button to display the advanced NPI mandate "rules" configuration screen. If your build is configured for both Institutional and Professional claims processing, you will need to select the desired claim type before continuing. Each entry in this list represents an NPI handling rule. The next screenshot depicts the standard institutional NPI handling rules (your custom build's NPI rules may be different).



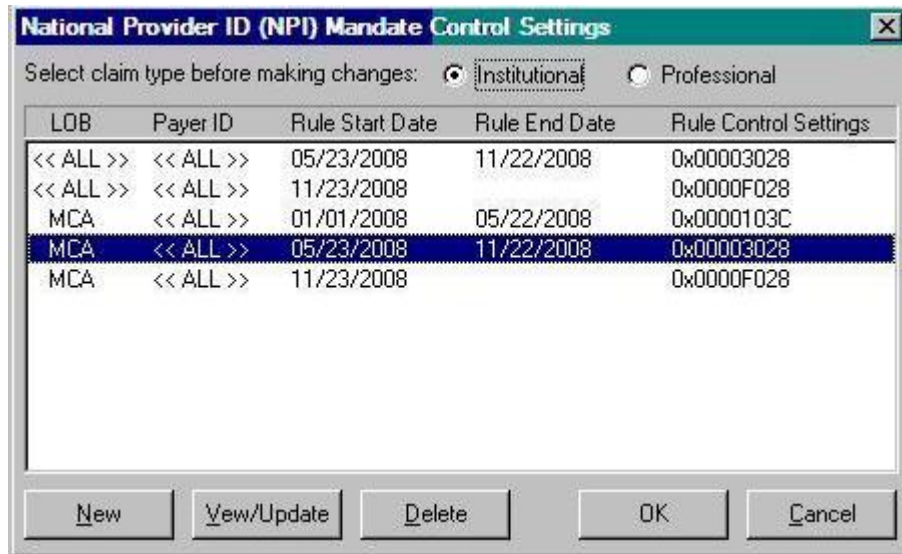
Two sets of NPI handling rules are defined here. Starting from the bottom, the last three entries in this list define the NPI handling rules for Medicare claims (LOB = "MCA" ; all payers). Notice that the Start Date and End Date for these three rules do not overlap, and together represent a contiguous time period from 1/1/2008 forward. The first of these three MCA entries defines the NPI rule that was in effect from 1/1/2008 (when NPIs were first required on primary providers) through the end of the NPI contingency period (5/22/2008). The second MCA entry defines the NPI rule in effect for the period beginning on 5/23/2008 and continuing through 11/22/2008 (the arbitrary Stage 4 start date), and the final MCA entry defines the NPI rule to be in effect from 11/23/2008 forward (the empty End Date field implies that the rule never ends).

The remaining two entries in this list define the NPI rules for all claims that are not governed by other NPI rules in this list (in this case, all non-Medicare claims).

When claims are prepared for transmission, the current system date, the claim's line of business (LOB), and the Payer ID of the "submission" payer together determine which of these NPI handling rules is in effect. For example, a Medicare (LOB = "MCA") claim prepared on 6/1/2008 would be governed by the fourth rule in the list. A commercial claim (LOB = "COM") prepared on 12/1/2008 would reference the second rule in this list.

Important: Once an NPI handling rule has been added for a specific LOB or LOB/Payer combination, only rules with that same LOB or LOB/Payer will be considered when processing matching claims. It is therefore necessary to define the *full set* of rules for this LOB or LOB/Payer combination which cover *all future dates*. For example, consider adding to our list an NPI handling rule for LOB = "COM" and Payer ID = "12345" with Start Date = 5/23/2008 and End Date = 7/31/2008. It is incorrect to assume that on 8/1/2008 the next most specific NPI handling rule (in this case, the first rule in the list) would go into effect. If no additional COM / 12345 rules are present to take over on 8/1/2008, then the prepare module will revert back to the "no NPI rules" logic (which is not likely what you want).

Now let's look at the NPI rule options that control the NPI requirement edits applied to all claims and the provider reference files.



For this example, select the fourth entry in the list and click the "**View/Update**" button (or just *double-click* the entry) to view the NPI Mandate Rule Information screen displaying the details of the selected NPI handling rule.

NPI Mandate Rule Information

LOB Payer ID

Rule Start/End Dates to

Reporting of the NPI is required for most primary providers (Stage 3)

Reporting of the NPI is required for most secondary providers (Stage 3)

Reporting of the NPI is required for all primary providers (Stage 4)

Reporting of the NPI is required for all secondary providers (Stage 4)

Report primary provider legacy IDs when NPI is available

Report primary provider legacy IDs when NPI is not available

Report secondary provider legacy IDs when NPI is available

Report secondary provider legacy IDs when NPI is not available

Report alternate (associated) provider legacy IDs

Treat Tax IDs (EIN/SSN) as Legacy IDs for suppression purposes

Special Legacy ID Handling ?

OK Cancel

This rule is applicable to all institutional Medicare (LOB = "MCA") claims and is in effect from 5/23/2008 through 11/22/2008. Since the Payer ID field is empty, this NPI rule will apply to all MCA claims regardless of the specific Medicare contractor that will process the claim. The first four options on this screen define the NPI requirement edits to be applied to claims and provider records for this LOB / Payer combination.

- **Reporting of the NPI is required for most primary providers (Stage 3)** – Check this option to require NPIs on primary providers only during Stage 3 of the phased NPI implementation. The term "most primary providers" signifies that small health plans are exempt for now.
- **Reporting of the NPI is required for most secondary providers (Stage 3)** – Check this option to require NPIs on secondary providers as well during Stage 3 of the phased NPI implementation. This option assumes that NPIs are also required for primary providers.
- **Reporting of the NPI is required for all primary providers (Stage 4)** – Check this option to require NPIs on all primary providers during Stage 4 of the phased NPI implementation. The requirement for NPI now extends to small health plans as well.
- **Reporting of the NPI is required for all secondary providers (Stage 4)** – Check this option to require NPIs on all providers during Stage 4 of the phased NPI implementation. The requirement for NPI is now enforced for all primary/secondary providers on all claims being submitted to all health plans.

A review of these options for the three standard Medicare NPI handling rules will reveal that from 1/1/2008 through 5/22/2008 only the first option was checked (i.e., NPI required for Stage 3 primary providers only). The second option was added to require NPIs for secondary providers as well beginning on 5/23/2008 and continuing through 11/22/2008. Finally, the third NPI

handling rule adds full Stage 4 (small health plan) participation to the NPI requirement edits. This progression is typical, although it may be unnecessary in some situations to separate the small health plan's NPI editing requirements from those of the general payer population.

If changes are made to an NPI handling rule, click the "OK" button to save these changes. Click the "OK" button two more times to save the Preference changes and return to the main PC-ACE Pro32 toolbar. Upon exiting the Preferences screen, you will be prompted to exit and re-execute the program. **IMPORTANT: Please follow this instruction in order to avoid confusion.** The program will not fully recognize these NPI handling changes until the program is re-executed.

Configuring the Legacy ID Reporting Options

Feedback from our distributor customers over the past year concerning their Stage 3 legacy ID reporting requirements has led us to the realization that there just isn't one set of rules that apply to everyone. As such, we have implemented a flexible mechanism which gives distributors significant control over when to report and when to suppress legacy IDs during the Stage 2/3/4 phases. The report-vs-suppress rules are configured separately for primary providers (billing, rendering, pay-to, and ordering for DMERC claims) and secondary providers (all other providers and service facilities). The decision can also be based on whether or not an NPI is being reported for the particular provider/facility. The standard Stage 3 configuration will report legacy IDs only when an NPI is not being reported. This configuration is based on SDI's interpretation of the relevant CMS mandates, FAQs, and related correspondence. Finally, special handling rules can be defined to force reporting or suppression of legacy IDs in situations where the standard suppression approach isn't appropriate. SDI will work closely with our distributor customers to configure and maintain these legacy ID reporting rules as needed to meet the requirements of your various lines of business and payer partners.

Note: The program defines a legacy ID as an identifier that would normally be reported using the ANSI qualifier defined for the specific claim's line of business. The common LOB-specific ANSI qualifiers are "1C" for Medicare claims, "1A" for Blue Cross claims, "1B" for Blue Shield claims, "1D" for Medicaid claims, "1H" for TRICARE claims, and "G2" for Commercial claims. In addition, the program will always consider identifiers with qualifier "1G" (UPIN) as a legacy ID. Any identifier that would be reported with a qualifier other than those mentioned above will NOT be suppressed by the standard legacy ID filtering logic. This behavior is necessary in order to insure that certain required identifiers unrelated to the NPI implementation are still reported (e.g., license numbers, location numbers, etc). The special legacy ID handling feature described below permits variances from this standard approach on an LOB-specific or LOB/Payer-specific basis as needed.

Let's review the NPI handling rule options which control legacy ID reporting:

- **Report primary provider legacy IDs when NPI is available** – Check this option to report a primary provider's legacy IDs in the ANSI-837 output file even when the NPI is also available for that provider. This option should be cleared for a true Stage 3 implementation (which does not allow legacy IDs to accompany NPIs).

- **Report primary provider legacy IDs when NPI is not available** – Check this option to report a primary provider's legacy IDs in the ANSI-837 output file when the NPI is **not** available for that provider. This option is checked in our standard NPI handling rules in order to support atypical provider scenarios. It is presumed in cases where no NPI is available that the legacy ID would be needed to identify the provider.
- **Report secondary provider legacy IDs when NPI is available** – Check this option to report a secondary provider's legacy IDs in the ANSI-837 output file even when the NPI is also available for that provider or facility.
- **Report secondary provider legacy IDs when NPI is not available** – Check this option to report a secondary provider's legacy IDs in the ANSI-837 output file when the NPI is **not** available for that provider or facility.

We can see in the Medicare rule we reviewed earlier that only the "... NPI is not available" options are checked. This configuration supports a true Stage 3 approach where legacy IDs are suppressed when the NPI is present (which should be all but the occasional atypical provider).

The remaining legacy ID reporting options are defined as follows:

- **Report alternate (associated) provider legacy IDs** – Check this option to report the legacy IDs which are present on those provider records that are "associated" with the claim's billing provider record. The provider reference file supports the "association" concept as a way of linking provider records that represent the same entity into a logical family. This concept was important in the days of NSF electronic files, but isn't typically desirable when producing ANSI-837 electronic files. *Unless instructed otherwise, we recommend this option remain un-checked in all NPI handling rules.*
- **Treat Tax IDs (EIN/SSN) as legacy IDs for suppression purposes** – Check this option to apply the same suppression rules to Tax IDs that are being applied to standard legacy IDs. Some payers will reject claims that contain Tax ID (EIN/SSN) values in secondary identification (REF) segments. This option provides a mechanism for suppressing Tax IDs in these situations. SDI recommends that this option remain un-checked unless it is known that the payer does not allow Tax IDs in secondary identification (REF) segments.
- **Special Legacy ID Handling** – This field holds an optional comma-separated list of legacy ID type codes (i.e., qualifiers) that require special handling. This feature can be used to suppress legacy IDs that would not normally be included in the standard suppression logic. It is also possible to override the standard suppression logic to force reporting of specific legacy IDs that would normally be suppressed. These special handling rules can be configured to impact all legacy IDs in the claim, primary providers only, secondary providers only, and even individual ANSI-837 loops by name (e.g., '2310A').

Each legacy ID type code consists of one, two or three alphanumeric characters optionally followed by a combination of the following special characters:

Operation (only one allowed):

- + Always Report (overrides built-in suppression)
- Always Suppress (assumed, can be omitted unless loop is specified)

Scope (only one allowed):

@	Applies To Primary Providers Only
#	Applies To Secondary Provider Only
NNNNABC	Applies To ANSI loop NNNNABC Only (where 'NNNN' is the 4-digit portion of the loop number, and 'ABC' is the alpha portion which may be zero, one or two characters)

Multiple special Legacy ID handling values must be separated by a comma.

Example:

N5,1G+,1G-2310A,LU# ... always suppress 'N5' identifiers
 always report '1G' identifiers except on 2310A loop
 always suppress 'LU' identifiers for secondary providers

Note that the special legacy ID handling feature is only enabled when legacy IDs are being suppressed. In other words, only when the applicable "Report ... legacy IDs when NPI is ..." option is un-checked.

Here are a few product features that provide additional flexibility in dealing with non-standard NPI related issues:

1. The "**Force Legacy ID**" field is available on the Institutional and Professional Provider Information forms (see "Extended Info" tab) to provide even greater legacy ID reporting flexibility. Enter a "Y" in this field to bypass the legacy ID reporting rules that would otherwise be in effect, and always report the legacy ID for this provider without regard to the presence/absence of the National Provider Identifier (NPI). This "Force Legacy ID" field is empty by default (same as "N" value), and should be left empty in most situations. The regulations state that legacy IDs are never to be reported for primary providers once the NPI rule goes into effect. However, the "Force Legacy ID" field provides a mechanism for deviating from this standard practice when required.
2. The "**NPI Exempt**" field is available on the Institutional Claim Form (see "Diagnosis / Procedure" tab) and Professional Claim Form (see "Patient Info & General" tab) to identify a claim as being exempt from National Provider Identifier (NPI) reporting requirements. A value of "Y" may be entered in this field to bypass all NPI requirement edits. This field should be left empty for standard NPI requirement processing.

Conclusion

SDI is confident that these enhancements to PC-ACE Pro32 will greatly simplify the phased NPI implementation for both our distributor customers and their providers. Let us know if you have any questions or comments concerning these enhancements.