Applying for Your National Provider Identifier
A Q&A for Psychologists

As of May 23, 2007, all health care professionals will be required to have a National Provider Identifier (NPI) to use when billing electronically any government or private health insurer. The creation and use of the NPI raise a number of questions for practicing psychologists. This question-and-answer article addresses several common inquiries.

Q. What is the NPI?
A. The NPI is a unique 10-digit number assigned to every health care provider or entity that applies for it. This number will replace other provider identification numbers, such as Medicare’s Unique Physician Identifier Number (UPIN), that have been assigned to health care professionals by government and private insurers for use in billing. Once a health professional receives an NPI, that number is assigned to that health professional for his or her entire career, regardless of whether the health professional relocates, changes employers or even changes health professions.

Q. How is the NPI used?
A. The NPI is intended for use in identifying practitioners when they transmit health information electronically—for example, in submitting claims for payment and referral authorizations.

Q. Who must apply for an NPI?
A. All “covered entities” under the Health Insurance Portability and Accountability Act (HIPAA), which includes all health care professionals who are required to comply with this federal law, must obtain an NPI no later than the May 23, 2007 deadline. In essence, the need to comply with the Privacy Rule is triggered when a practitioner transmits protected health information in electronic form in connection with health care claims and other transactions as specified in the rule.

The “HIPAA Compliance” section of APAPractice.org contains further information about what constitutes a “covered entity” under HIPAA. In addition, the Centers for Medicare and Medicaid Services Web site includes “tools” for determining if you’re a covered entity. The relevant Web site is: http://www.cms.hhs.gov/apps/hipaa2decisionsupport/default.asp.

Any private health insurer can require that
health professionals who bill the insurer use an NPI, even if the billing is done by mail rather than electronically. This means that even psychologists who are not considered “covered entities” under HIPAA likely will be required to get an NPI.

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.

Q. If I am not currently covered under HIPAA and I apply for an NPI, will I automatically be required to comply with HIPAA?
A. No. Applying for an NPI does not “trigger” your having to comply with HIPAA.

Q. Do I apply for an NPI as an individual or organization?
A. Every individual and organization covered under HIPAA must obtain an NPI. The overarching rule is that if you have an organization that your state views as separate from the individual, the organization should obtain its own NPI. Sole proprietorships, which are unincorporated businesses, generally are not considered separate and distinct from the individual owner. For that reason, sole proprietorships should apply as individuals, using a social security number, not their employer identification number (EIN). On the other hand, corporations are usually seen as separate and distinct, so they should apply for a separate NPI apart from the individual health care professionals who work for the corporation.

A group practice (that is not a sole proprietorship) should obtain its own NPI, and all the psychologists who work in that group should get their own unique NPIs. The group practice’s NPI and the individual psychologists’ NPIs are not linked in any way. This allows the individual psychologists to bill for services rendered at other places such as in a hospital or in another group practice—for example, if they work part-time in more than one setting. Further, it allows individuals to leave one group practice and join another without having to worry about changing their NPI.

Q. What will health insurers and others know about my practice based on the NPI assigned to me?
A. Unlike identifiers used by the government and health insurers in the past, the NPI is a random number. The 10-digit number does not reveal any information about the health professional, such as geographic location or type of practice. Yet, while no such information can be gleaned from the NPI itself, insurers may have access to certain information included in your NPI application, such as your choice of taxonomy code (discussed further in this article).

Q. What steps do I take to apply?
A. The steps you take depend on whether you file electronically or submit paperwork to obtain an NPI.

Electronic Application Process

Psychologists may complete and submit the NPI application form online by accessing https://nppes.cms.hhs.gov. You will be able to complete the application quickly, so long as you have all the required information ready before you begin. The list of information needed for individuals applying for an NPI includes:

- Health practitioner name
- Health practitioner date of birth
- Country of birth
- State of Birth (if birth was in the United States)
- Health practitioner gender
- Social Security Number or other proof of identity
- Mailing address
- Practice location and phone number
- Taxonomy (see the question-and-answer section on page 19)
- State license information (required for certain taxonomies only)
- Contact person name
- Contact person phone number and email

The Web site listed above will walk you through the steps involved in completing the application. The Center for Medicare and Medicaid Services (CMS) advises that electronic submission is the fastest way to obtain your NPI.

Paper Application Process

For any health care professional who wishes to complete a hard copy version of the application form and send it via regular mail, the application can be downloaded from www.cms.hhs.gov/cmsforms. When you access the site, click on “CMS Forms.” Doing so will take you to a list of forms that includes the NPI application—CMS Form #10114. The application form is three pages long followed by instructions for completing the form. Individuals who render health care services are asked to complete Sections 2A, 3, 4A and 5.

Application Form Submitted by an Employer

In some cases, a psychologist who is employed by a health care entity may find that the entity is willing to submit the NPI application on his or her behalf. For example, a hospital may do so for its
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employed providers. However, the health care entity is required to obtain your permission before filing an NPI application for you. If applicable, you could check with your billing or human resources department to find out whether your organization is planning to submit NPI applications for its employees.

Q. What is a “taxonomy code”?
A. As part of the application process, the Centers for Medicare and Medicaid Services (CMS) require that all types of health professionals list a “taxonomy code” or codes. A taxonomy code is a 10-digit alphanumeric identifier separate from the NPI used to describe your healthcare practice and the professional services you provide. According to CMS representatives, the purpose of including the taxonomy code as part of the application process is to help distinguish among health professionals—for example, where multiple providers have the same name.

APA was not included in the process of developing the psychology-related codes for the taxonomy code list. We believe that these codes do not accurately portray the practice of psychology.

Q. Where do I find the taxonomy code list?
A. The electronic version of the application lists the available taxonomy codes. First you will be asked to choose among general categories of healthcare professionals. The applicable category for psychologists is “Behavioral Health and Social Service Providers.” Then you will be asked to choose among more specific categories. Two of the categories are “Psychologist” and “Neuropsychologist.” The remaining categories include 19 specialties listed under “Psychologist.”

The paper version of the application form does not list the taxonomy codes. To obtain the list of available codes, the application instructs you to go to the following Web site: http://www.wpc-edi.com/taxonomy.

At the main page for this Web site address, you need to click on “Individual or Groups,” then click on “Behavioral Health and Social Service Providers.” That will take you to two codes applying to psychology—“psychologist” and “neuropsychologist.” If you click on the term “psychologist,” you will see the list of specialty codes that have been assigned to psychology.
Q. What guidance does the APA Practice Organization provide about choosing a taxonomy code?

A. Practitioners who apply for their NPI need to decide which and how many taxonomy codes to choose. As previously noted, as of October 2006, there are two “general codes” included in the taxonomy code list—“psychologist” and “neuropsychologist”—as well as 19 “specialty” codes associated with the general code “psychologist.”

Unfortunately, there is no published guidance from CMS regarding how to choose a code. Should practitioners choose a general code only, or one or more of the specialty codes? How do practitioners decide whether they “specialize” in an area of practice enough to identify themselves by one of the specialty codes?

Adding further confusion to this issue is that a practitioner’s choice of taxonomy code may carry reimbursement or credentialing implications. This is the case even though the Centers for Medicare and Medicaid Services (CMS) included the taxonomy codes in the NPI process to help distinguish among health professionals, not for use by insurers in governing reimbursement. Officials with CMS have assured us that the agency does not intend for the Medicare or Medicaid programs to use the taxonomy codes to restrict the kinds of services that a health professional may bill and be reimbursed for providing.

Even so, it is likely that CMS will share your taxonomy code information with private health insurers and/or that these insurers will ask you for your taxonomy code(s). Because these codes have not routinely been used by private insurers for psychology, it is difficult to predict the impact of these codes on reimbursement. We do not yet know of any specific situations where insurers are using the taxonomy codes in connection with reimbursement.

The APA Practice Organization remains wary that third party payers may limit or deny reimbursement based on a psychologist’s choice of taxonomy codes (see sidebar, page 20). For example, an insurer might deny payment for services that a psychologist provides to children if that practitioner has not chosen the specialty code for “child, youth, and family” from the taxonomy code list. Alternatively, insurers could decide not to pay for services that they believe are represented by certain specialties. For example, an insurer may not cover counseling and decide that all of the services furnished by psychologists who chose “counseling” as one of their taxonomy codes represent uncovered counseling services.

The APA Practice Organization is actively monitoring the potential for misuse of taxonomy code information and intends to take necessary actions to address any unintended uses of the taxonomy codes. But the fact of the matter is that, at the present time, we just do not know how payers may use this information.

With this as background, the APA Practice Organization evaluated the issue of choosing taxonomy codes and has identified at least three strategies.

Choosing Your Strategy

One strategy would be to choose all the taxonomy codes that represent any area in which you practice. (You may opt to pick only the specialty codes and not a general taxonomy code.) This might have the advantage of protecting psychologists from being denied reimbursement or admission to a panel on the grounds that they did not choose a specific specialty. However, if an insurer sees any of the taxonomy code areas as representing services that the insurer does not cover, there is the risk that the company would argue that all of your services relate to that taxonomy code and deny payment for the services. In addition, if a psychologist selects a long list of specialty taxonomy codes, insurers might consider the practice so broad that they would question the practitioner’s expertise in any one of the specialty areas chosen.

A second strategy would be to list only the general “psychologist” or “neuropsychologist” code. This may protect you against being pigeonholed into a particular specialty area. However, there could be a risk of payment denials if an insurer decided to only pay for services in a particular practice area when the services were furnished by psychologists who identify themselves as specializing in that area—such as only paying for services to children when a practitioner chose the “child, youth and family” taxonomy code.

A third strategy would be to choose the code or codes that most accurately reflect your practice in its entirety, that is, the services you spend the majority of your time providing. For example, licensed psychologists with a broad-based practice might elect to choose just the “psychologist” code. On the other hand, psychologists who focus in specific practice areas may want to choose a specialty code or codes in addition to a general code. For example, a neuropsy-
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A psychologist who focuses on providing services to geriatric clients may wish to choose the general “neuropsychologist” code as well as the specialty code, “adult development and aging.” If that neuropsychologist also furnishes services such as psychotherapy, feedback and/or cognitive rehabilitation, he or she may also want to choose the “clinical psychologist” code. The APA Practice Organization generally advises practitioners to take this approach. Though no strategy is risk-free, this option represents a balance of the above two strategies and may minimize the risk of negative reimbursement consequences until we have a better sense of how insurers will use these codes.

Guidance from the APA Practice Organization may change when it becomes clearer how insurers will handle the codes. The NPI process permits practitioners to add or delete codes at any time.

The APA Practice Organization has expressed our concern to the organizations involved that the taxonomy code list in its present form is inconsistent with the way that psychology is practiced. We are continuing to communicate with these groups in seeking appropriate revisions to the code list. We will apprise our members of future changes. We also stand ready to respond to any instances in which insurers use the taxonomy codes in inappropriate ways, so please notify the Practice Directorate if you encounter this situation.

Q. May I change my choice of taxonomy code?
A. Yes. Psychologists who have an NPI can change their taxonomy code designation at any time. The APA Practice Organization will update members if there are changes in taxonomy codes and/or our guidance for practitioners about selecting a code.

Do you have a question about the NPI that is not answered in this article? If so, contact legal and regulatory affairs staff for the APA Practice Organization by sending an email to practice@apa.org or calling 1-800-374-2723, ext. 5886. Further, please let us know if you become aware of situations where health care payers use the taxonomy codes to make reimbursement decisions.

Online Resources for More Help with HIPAA

APAp Practice.org, the APA Practice Organization’s site, has a section with information and resources devoted to HIPAA compliance. In addition to the HIPAA Privacy and Security Rule, this section of APAp Practice.org includes information about a third rule that applies to practitioners: the HIPAA Transaction Rule. Click the button for the APAp Practice.org Store to access the following step-by-step compliance products developed specifically for practicing psychologists: HIPAA for Psychologists Online Privacy Rule Compliance Course (developed in collaboration with the APA Insurance Trust) and the HIPAA Security Rule Online Compliance Workbook.

The U.S. Department of Health and Human Services has a Web page located at http://www.hhs.gov/ocr/hipaa with answers to frequently asked questions about HIPAA privacy and other educational materials.

The U.S. Centers for Medicare and Medicaid Services devotes a portion of its Web site to HIPAA. Begin your search for general information at the following link: http://www.cms.hhs.gov/HIPAA GenInfo. For particular help determining whether you are a “covered entity,” type in the following address once you open your Web browser: http://www.cms.hhs.gov/apps/hipaa2decisionsupport/default.aspx.

The following online resources are useful for practitioners in applying for a National Provider Identifier (NPI; see “Applying for Your National Provider Identifier,” page 16). Psychologists may complete and submit the NPI application form online at https://nppes.cms.hhs.gov. For those who wish to complete a hard-copy version of the application form and send it via regular mail, the application can be downloaded from www.cms.hhs.gov/cmsforms.