

Sage Software Guidance on Recent NPI Contingency Plan Announcement by CMS

On April 4, 2007, the Centers for Medicare & Medicaid Services (CMS) announced that it is implementing a contingency plan for covered entities (other than small health plans) that do not meet the May 23, 2007 deadline for compliance with the National Provider Identifier (NPI) regulations under the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

Although CMS clearly states that providers are still required to have NPI available on transactions by May 23, 2007, it did announce a contingency plan whereby the maximum extension of the deadline for compliance for some providers could be May 23, 2008.

CMS made the announcement about its contingency plan when it became apparent to CMS that many covered entities (primarily payers and clearinghouses) would not reach full compliance with the NPI standard by May 23, 2007. The contingency plan protects covered entities from enforcement action if they fail, despite good-faith efforts, to comply with the May 23, 2007 deadline but continue to show good-faith efforts to develop and implement contingency plans to enable them and their trading partners to continue to move toward and reaching compliance, in any event, not later than May 23, 2008. The Department of Health and Human Services (HHS) recognizes that transactions often require the participation of two covered entities and that non-compliance by one covered entity may put the second covered entity in a difficult position.

It appears that, for providers, a contingency period may only be available if your payer(s) provide one. For practices, it appears that unless you and 100% of your payers have the same contingency plan options, you will have to react to each payer's specific contingency plan, including payers that do not have a contingency plan.

Bottom Line: Providers may need to prepare for the full spectrum of contingency options – from sending only NPI, sending a combination of legacy identifiers and NPI, to continuing to send only the legacy identifiers by May 23, 2007.

How do you react?

First, reach out to your payers and see where they stand. Match their needs to your current NPI capabilities. If you match well, continue to proceed down your existing path. **Second**, if you have a conflict with a payer's plan, open a dialogue with that payer, and give the payer a chance to address your situation including your good-faith efforts. **Regardless, keep driving to insure your practice is prepared to handle all options.**

Will Sage Software be providing additional guidance on this announcement?

Our existing NPI strategies facilitate varying payer timelines. We believe this includes those that may result from the recent announcement. We will continue to evaluate the industry's reaction to the CMS announcement and will communicate to you if there are any changes required to our NPI implementation plan.