



C A L I F O R N I A D E P A R T M E N T O F

Mental Health

1600 9th Street, Sacramento, CA 95814
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July 11, 2007

DMH LETTER NO.: 07-07

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: NATIONAL PROVIDER IDENTIFIER (NPI) REMEDIATION

REFERENCE: HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY
ACT OF 1996 (HIPAA)

The Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) mandated the adoption of standard unique identifiers for health care providers, as well as the adoption of standard unique identifiers for health plans. The purpose of these provisions is to improve the efficiency and effectiveness of the electronic transmission of health information. The National Provider Identifier (NPI) rule requires that a covered entity that is a covered health care provider must obtain an NPI for itself, or for any subpart of the covered entity that would be a covered health care provider if it were a separate legal entity. The covered entity must use the NPI it obtains to identify itself on all standard transactions that it conducts where its health care provider identifier is required. Health care providers include individuals such as physicians, dentists, and pharmacists, and organizations such as hospitals, nursing homes, pharmacies, and group practices.

After careful consideration, the Department of Mental Health (DMH) has chosen an NPI compliance solution that will accommodate the NPI in transactions, databases, and business processes throughout its administration of the Short Doyle/Medi-Cal (SD/MC) program. This solution allows DMH to comply with the HIPAA NPI standards independent of constraints established by the existing SD/MC adjudication system. This letter describes the action plan for the selected solution.

On April 2, 2007, the Department of Health and Human Services (DHHS) provided guidance to covered entities regarding contingency planning for NPI implementation. As long as covered entities continue to act in good faith to come into compliance, meaning they are able to accept and send NPIs, they may establish contingency plans to facilitate compliance

of their trading partners. DMH's NPI compliance solution outlined below allows counties to continue to act in good faith to come into compliance, while allowing counties who are ready to transmit and receive NPIs to do so as well.

Introducing the NPI

The NPI will replace the DMH Provider Number on SD/MC claims, remittance transactions and in related systems. The DMH Provider Number will continue to be used for other business processes, such as the Client and Services Information (CSI) System. DMH will cross-walk the Service Facility Location (SFL) NPI in the 837 claim file to a DMH Provider Number so that the SD/MC Claim System can determine whether or not to pay the claim. Each DMH Provider Number (including satellites) that identifies a SD/MC provider must have an associated SFL NPI, whereas non-SD/MC Provider Numbers may have an NPI.

Reporting NPIs to DMH

In order for DMH to perform the cross-walk, the counties must report the SFL NPIs of their providers to the DMH Statistics and Data Analysis Unit (SDA). Currently, counties must obtain a Provider Number and a Legal Entity Number from SDA prior to submitting a Medical Certification application for new health care providers. Counties request a DMH Provider Number by completing the Provider File Update (PFU) form, which has been modified to include a space for the SFL NPI. Counties must supply the SFL NPI when requesting a new SD/MC Provider Number. At this time, the submission of an SFL NPI for non-SD/MC Provider Numbers is optional.

Counties may submit the SFL NPI information for existing Provider Numbers to SDA by:

1. Using the revised PFU for a single Provider Number
2. Creating a list that contains each provider's name, address, DMH Provider Number, Parent-Satellite Indicator and NPI
3. Completing a turn-around document provided by DMH that contains the county's SD/MC Provider Numbers that were active as of January 1, 2006.

Counties must supply SDA with all 10 digits of the SFL NPI (i.e., with the trailing check digit) so that DMH can verify that the value is actually an NPI. Counties may use the DMH Online Provider System (OPS) to verify that DMH has correctly associated an NPI to its DMH Provider Number. Although HIPAA requires counties to submit Rendering Provider NPIs on claims, counties do not need to report Rendering Provider NPIs to DMH at this time.

Exception Cross-walks

Where the SD/MC Provider Number identifies a *category* of providers instead of a *particular* provider, DMH, for a period of time, will cross-walk the information on the 837 without using the SFL NPI for the following:

1. Former-Fee-For-Service (FFS) providers
2. Administrative Services Organization Foster Care (ASO-FC) providers
3. Healthy Families Plan FFS Inpatient (HFP-IP) providers.

The counties will not need to report these NPIs to DMH immediately, but must do so eventually, in order to be fully HIPAA compliant. The DMH SD/MC Companion Guide contains examples of how to code the 837 for these and other providers.

Transitioning to the NPI

In order to facilitate the transition to the NPI, DMH will process a county's 837 claim files in one of the following modes depending on that county's individual NPI readiness:

Mode Name	Description
Standard Mode	Process the SD/MC number only (current mode).
Dual Use Mode	Process the NPI and/or the SD/MC number. When both numbers are provided, verify that the cross-walk SD/MC number matches the submitted SD/MC number. If the crosswalk does not return an SD/MC Provider Number that matches the SD/MC Provider Number submitted on the claim, then the Translator issues a warning message to the County and uses the submitted SD/MC Provider Number. Perform exception cross-walks for FFS, ASO-FC and HFP-IP claims.
NPI Mode	Process the NPI only. Perform exception cross-walks for FFS, ASO-FC and HFP-IP claims. If the crosswalk does not return an SD/MC Provider Number then the Translator rejects the 837.

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Testing and Verification

All counties' files are currently processed in the Standard Mode. In order for DMH to process a county's claims under the rules of Dual Use or NPI Mode, the county must submit an 837 claim file to DMH for testing and verification before DMH will process the county's new file format in the production environment. A county may elect to have its claims processed in NPI without first having used Dual Use Mode. However, DMH recommends counties take advantage of the Dual Use Mode for a period of time as this provides assurance that a file will continue through the process when an unforeseen issue arises with an NPI on a single claim.

Additional technical information, including an updated DMH SD/MC Companion Guide with examples of how to report the NPI on the 837I and 837P claim transactions, is available on the DMH Website at www.dmh.ca.gov/HIPAA/NPI.

If you have any questions regarding DMH's NPI Implementation, please contact Vonnie Ryser, Chief of the DMH Office of HIPAA Compliance, at (916) 654-0497 or at HIPAA-TCS@dmh.ca.gov.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG, Ph.D.
Director