

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations

SMDL #07-009

August 9, 2007

Dear State Medicaid Director:

The purpose of this letter is to share with you the Centers for Medicare & Medicaid Services' (CMS) recently announced National Provider Identifier (NPI) Compliance Guidance and provide helpful background information as it applies to the State Medicaid agencies.

The Guidance was published on April 2, 2007, and can be viewed in full at:
http://www.cms.hhs.gov/NationalProvIdentStand/downloads/NPI_Contingency.pdf

BACKGROUND

By law, all covered entities must have been in compliance with the NPI provisions by May 23, 2007, except for small health plans, which must be in compliance by May 23, 2008. The NPI must be used by covered entities to identify providers on all transactions covered by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) that require health care provider identifiers.

The Compliance Guidance, as announced by CMS, states that during the 12-month-period immediately following May 23, 2007, CMS will not impose civil money penalties on covered entities that have made good faith efforts to become compliant and deploy contingency plans.

The CMS made the decision to announce this guidance on its enforcement approach after it became apparent that many covered entities would not be able to fully comply with the NPI standard by May 23, 2007. State Medicaid Agencies that choose to implement a contingency plan must determine the specifics of their contingency plans in keeping with the CMS Contingency Guidance. The Guidance is clear that contingency plans may not extend beyond May 23, 2008, but entities may elect to end their contingency plans sooner than that date. State Medicaid agencies should check the CMS NPI Web site frequently to ensure they have the most current information and should review the Frequently Asked Questions pertaining to the Contingency Guidance. The Web site can be viewed at:
<http://www.cms.hhs.gov/NationalProvIdentStand/>.

ACHIEVING COMPLIANCE

As with previous HIPAA rules, we recognize that all States are facing severe fiscal constraints. It is critically important that you make reasonable and diligent efforts to achieve HIPAA NPI compliance. Enhanced funding at the 90 percent Federal financial participation level for many

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of the Medicaid Management Information Systems related to HIPAA NPI remediation activities is available for this effort.

Within 1 month of receipt of this letter, we request that State Medicaid agencies that implement NPI contingency plans notify CMS of their deployment to ensure that eligible individuals and families receive the Medicaid services to which they are entitled and that payment to providers is uninterrupted. Further guidance can be found in the enclosure to this letter.

Note that the Medicare Fee-for-Service health plan has announced its contingency plan, and documents are available at this CMS Web address:

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5595.pdf>.

On May 30, 2007, CMS published the National Plan and Provider Enumeration System (NPPES) Data Dissemination Notice in the *Federal Register*. Notice is available on the CMS NPI Web site at: <http://www.cms.hhs.gov/NationalProvIdentStand/Downloads/DataDisseminationNPI.pdf>

I appreciate the attention you have given to addressing this effort and in making the transition a successful one.

Sincerely,

/s/

Dennis G. Smith
Director

Enclosure

cc:

CMS Regional Administrators

CMS Associate Regional Administrators,
Division of Medicaid and Children's Health

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Director, Health Policy Unit
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