

May 17, 2012

Medicare and Medicaid NPI: Changes in Provider and Supplier Enrollment, Ordering and Referring, and Documentation

The federal government has deputized National Provider Identification numbers (NPI) to help it fight the good fight against fraud, abuse and waste in federal payment programs. Vulnerabilities in Medicare enrollment procedures have permitted the enrollment of providers and suppliers whose qualifications for meeting Medicare and Medicaid enrollment standards were sometimes questionable. This raised concerns that certain providers and suppliers in federal programs were under-qualified or even fraudulent and has led to efforts to establish more stringent controls on provider and supplier entry into the Medicare and Medicaid programs.

Published April 27, 2012 and effective June 26, 2012, a new final rule is intended to ensure that only qualified providers and suppliers participate in federal payment programs. The final rule requires all providers of medical or other items or services and suppliers that qualify for a NPI to include their NPI on all applications to enroll in the Medicare and Medicaid programs and on all claims for payment submitted under the Medicare and Medicaid programs, including DMEPO, home health, laboratory, and imaging services. This gives Centers for Medicare and Medicaid Services (CMS) and States the ability to tie specific claims to the ordering or certifying physician or eligible professional and to check for suspicious ordering activity.

In addition, the new final rule requires physicians and other professionals who are permitted to order and certify covered items and services for Medicare beneficiaries to be enrolled in Medicare in an approved status or must have validly opted-out of the Medicare program, in order for a claim to be paid. The final rule also requires that all prescriptions under Medicare Part D include an NPI for the prescribing physician by January 1, 2013. A claim submitted without an appropriate NPI will be denied. The rule will help ensure beneficiaries receive quality care because CMS will verify the credentials of a provider who is ordering or certifying equipment and supplies.

The intent is that these requirements will reduce the number of claims that are denied or rejected and enable more currently enrolled physicians and practitioners to order or certify for services. In implementing this rule, CMS has represented that it will provide ample advanced notice of its intention to activate the automated edits that would cause a claim to not be paid for the lack of a valid: (1) enrollment record to order and certify; or (2) a valid opt-out record in Medicare. Finally, it mandates document retention and provision requirements on providers and supplier that order and certify items and services for Medicare beneficiaries.

With respect to Medicaid, the statutory framework provides States with considerable flexibility but includes some key requirements to ensure program integrity while providing quality care. For example, Medicaid providers must generally meet all State licensing and scope-of-practice requirements, and may be subject to additional Federal and State quality standards. As a result of the final rule, Medicaid providers have to furnish their NPIs (if eligible for an NPI) to the State agency and include their NPI on all claims submitted under the Medicaid program.

CMS estimates, based on internal CMS data, that the total savings to the federal government resulting from this final rule will exceed \$100 million in each of the next 10 fiscal years. The total savings at the end of this 10-year period is estimated to be \$1.59 billion. This figure accounts for estimates that: (1) approximately 5 percent of physicians will not be enrolled; (2) such physicians have only 50 percent as many Medicare enrollees as other physicians; and (3) 10 percent of patients of those physicians will not seek out enrolled physicians. The product of these is inflated by 25 percent to account for other providers who could potentially order services. The net result is roughly a 0.3 percent – or \$1.59 billion - reduction in DMEPOS, imaging and clinical laboratory services, and Part A and Part B home health costs over the next 10 years attributable to patients who will choose not to seek out an enrolled physician to obtain such services. In addition, some claims without proper documentation will be denied, including some fraudulent claims, but we do not have a basis for quantifying the value of such claims. [http://op.bna.com/hl.nsf/id/jcon-8tnqr2/\\$File/NPI%20final%20rule.pdf](http://op.bna.com/hl.nsf/id/jcon-8tnqr2/$File/NPI%20final%20rule.pdf)

Physicians and other health professionals that order and certify covered items and services for Medicare and Medicaid beneficiaries need to obtain an NPI and make sure that the NPI number is included on scripts and certifications. Conversely, providers and suppliers who undertake to fill or provide these items and services must ensure that NPI data is captured or their claims for payment will be denied.

If you have any questions, please contact the authors of this alert, your Butzel Long attorney or any member of the Butzel Long Health Care Practice Group listed below.

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