

Health Insurance Portability and Accountability Act of 1996 (HIPAA)

Proposed National Identifier Rules

April, 2002

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Note: The information on this paper is taken directly from the HHS Administrative Simplification web site.

National Identifiers

HIPAA Administrative Simplification establishes four national and unique identifiers to be used in the health care system: providers, employers, health plans and individuals. Information regarding the two published notice of proposed rule making (NPRMs), National Provider Identifier (NPI) and the National Employer Identifier (NEI) are below. As of the date of this publication, the National Health Plan Identifier is in development and the National Individual Identifier is on indefinite hold. The earliest estimate for finalizing the NPI rule and the NEI rule is second quarter, 2002 and, generally, the rules are required to be implemented 24 months after their effective date. Small health plans are required to implement within 36 months of the effective date.

National Provider Identifier (NPI): This rule proposes a standard for a national health care provider identifier and requirements concerning its use by health plans, health care clearinghouses, and health care providers. The health plans, health care clearinghouses, and health care providers would use the identifier, among other uses, in connection with certain electronic transactions.

In 1993, representatives from the private sector and federal and state agencies were invited to participate with the Health Care Financing Administration (HCFA), now known as the Centers for Medicare and Medicaid (CMS), to develop a provider identifier system to meet Medicare and Medicaid needs and ultimately a national identification system for all health care providers to meet the needs of other users and programs. This group adopted criteria developed by the Workgroup for Electronic Data Interchange (WEDI) and the American National Standards Institute (ANSI) that would be used to locate or develop a unique provider identifier. The group examined existing identifiers and concluded that no existing identifier met all the criteria that had been recommended by WEDI and ANSI. The group then designed a new identifier that would be in the public domain and incorporate the criteria recommended by WEDI and ANSI.

The proposed NPI is an 8-position alphanumeric identifier that includes as the 8th position a numeric check digit to assist in identifying erroneous or invalid NPIs. The check digit is a recognized International Standards Organization [ISO] standard. The check digit algorithm must be computed from an all-numeric base number. Therefore, any alpha characters that may be part of the NPI are translated to specific numerics before the calculation of the check digit. This NPI format would allow for the creation of approximately 20 billion unique identifiers.

According to the United States Department of Health and Human Services (HHS), the 8-position alphanumeric format was chosen over a longer numeric-only format in order to keep the identifier as short as possible while providing for an identifier pool that would serve the industry's needs into the future. However, the HHS recognizes that some health care providers and health plans might have difficulty in the short term in accommodating alphabetic characters.

Therefore, it proposes to initially issue numeric-only identifiers, and to later introduce alphabetic characters starting with the first position of the NPI. This would afford additional time for health care providers and health plans to accommodate the alphabetic characters.

National Employer Identifier (NEI): This rule proposes a standard for a national employer identifier and requirements concerning its use by health plans, health care clearinghouses, and health care providers. The health plans, health care clearinghouses, and health care providers would use the identifier, among other uses, in connection with certain electronic transactions. As a note: employers are not required by HIPAA to use the standard employer identifier or standard health care transactions. However, an employer is required to disclose their NEI when requested to an entity that conducts standard transactions that require that employer's identifier.

After consultation with the National Uniform Billing Committee, the National Uniform Claim Committee, WEDI, and the American Dental Association, it was determined that there is no recognized standard that has been developed, adopted, or modified by a standard setting organization for employer identification as defined in the law.

Therefore, the HHS proposed using the employer identification number (EIN), that is assigned to each employer by the Internal Revenue Service (IRS), Department of the Treasury. The "Employer identification number (EIN)" is defined at 26 CFR 301.7701 and is the taxpayer identifying number of an individual or other person (whether or not an employer) that is assigned pursuant to 26 U.S.C. 6011(b) or corresponding provisions of prior law, or pursuant to 26 U.S.C. 6109, and in which nine digits are separated by a hyphen, as follows: 00-0000000.

National Health Plan Identifier: It is expected that a 9-digit number will be assigned to all health plans.

National Individual Identifier: The issue of national identifiers for individuals was proposed in the early 1990s as part of comprehensive health care reforms that would have supplied a universal health care credit card for individuals to use. The implications of national individual identifiers, especially in light of the Privacy Rule provisions, and the concern of privacy advocates over the idea of assigning identity numbers to individuals, have since become controversial. Therefore, the development of the NPRM was subsequently placed on indefinite hold pending further review.

Source: The HHS Administrative Simplification web site