

**Bulletin:** MSA 09-51

**Distribution:** All Providers

**Issued:** October 5, 2009

**Subject:** Community Health Automated Medicaid Processing System (CHAMPS) National Provider Identifier (NPI) Editing for Fee-for-Service (FFS) Billing and Rendering/Serviceing Providers

**Effective:** Upon Receipt

**Programs Affected:** Medicaid, Adult Benefits Waiver (ABW), Children's Special Health Care Services (CSHCS), Children's Waiver Program (CWP), Children's Serious Emotional Disturbance Waiver (SEDW), Maternity Outpatient Medical Services (MOMS), Plan First!, and other Health Care Programs Administered by the Michigan Department of Community Health (MDCH)

The Community Health Automated Medicaid Processing System (CHAMPS) successfully went live on September 18, 2009. The purpose of this bulletin is to provide important details on the new CHAMPS claims editing for provider NPIs reported on FFS claims. Further guidance will be given regarding the difference between Type 1 (Individual) and Type 2 (Group) NPIs, how providers must register these NPIs within MDCH Provider Enrollment, and how to correctly report the billing and/or rendering provider NPIs on the claim.

## **CLARIFICATION OF TYPE 1 (INDIVIDUAL) NPI VS. TYPE 2 (GROUP) NPI**

The NPI is a Health Insurance Portability and Accountability Act (HIPAA) mandate requiring a standard identifier for all healthcare providers. MDCH follows national standards for reporting NPIs sent electronically or by paper within the dental/professional/institutional claim formats. There are two main types of provider NPIs: Type 1 (Individual) and Type 2 (Group).

A Type 1 (Individual) NPI is the number associated with an individual healthcare professional (e.g., MD, DDS, CRNA, etc.). This individual in CHAMPS may be considered either a sole proprietor or a rendering/serviceing-only provider.

- **Sole Proprietor** – is an individual who provides services, owns his/her own business, and may report their Type 1 NPI as either the billing provider to directly receive payment (or) as the rendering provider when affiliated and performing services on behalf of a group and/or clinic.
- **Rendering/Serviceing-Only Provider** – is an individual (Type 1 NPI) who renders services strictly on behalf of an organization, clinic, or group practice. They are required to affiliate themselves with an existing Type 2 (Group) NPI in CHAMPS as they do not own their own business. Direct payment for services is always issued to the Type 2 entity only and not to the individual. **The NPI of the Rendering/Serviceing-Only Provider must never be reported in the Billing Provider loop/field of the claim.**

A Type 2 (Group) NPI is the number required for organizations such as clinics, group practices, and incorporated individuals with an established practice under one tax ID. **Group practices, clinics, and incorporated individuals must always report their Type 2 (Group) NPI as the billing provider.** For dental and professional claim formats (when the Group NPI applies), the appropriate Type 1 (Individual) NPI of the specific provider performing the service must also be reported in the Rendering Provider loop/field for proper claim adjudication.

In CHAMPS, all providers were required to update their NPI information within the Provider Enrollment (PE) system. As part of this process, FFS providers were asked to choose one of the following enrollment types that applied to their organization or business:

- Facility / Agency / Organization (FAO) Provider - an entity that provides health care services and includes Hospitals, Nursing Facilities, Laboratories, Clinics, etc. (Type 2 NPI)
- Group Provider - an organization of individual providers (e.g., group practice) that provides medical or dental services. (Type 2 NPI)
- Individual/Sole Proprietor Provider
  - Sole Proprietor
  - Rendering/Service-Only Provider

All Medicaid providers must go into PE, as part of CHAMPS, to update their information to become an active user of the new system. This process is referred to as revalidation. **Providers who do not revalidate before their license or certification termination date will automatically become inactive in CHAMPS.** This will lead to the end-dating of the provider's enrollment with MDCH.

### **CHAMPS NPI EDITING FOR BILLING PROVIDERS AND RENDERING/SERVICING-ONLY PROVIDERS**

Within CHAMPS, the NPI number reported on the claim will no longer be cross-walked to the former Medicaid legacy provider number. The CHAMPS system will edit the NPI information for all FFS claims (institutional, professional, dental) based on the revalidation information reported by the provider into PE.

For all professional and dental claims submitted electronically or via a paper claim form (HIPAA 837, Direct Data Entry, or CMS 1500/ADA 2006), new editing will apply to both the billing provider and/or rendering/servicing provider NPIs.

The claim will reject with the applicable Claims Adjustment Reason Code (CARC) and Remittance Advice Remark Code (RARC) if one of the following applies:

- **Billing Provider** - The Type 2 (Group) NPI of the group practice is reported in the Billing Provider loop/field without a Type 1 (Individual) NPI also reported in the Rendering Provider loop/field\*\* - CARC – 8 and RARC – N65
- **Rendering/Service- Only Provider** - The Type 1 (Individual) NPI of the rendering/servicing-only provider is incorrectly reported in the Billing Provider loop/field – CARC – 133 and RARC – N198
- **Rendering/Service- Only Provider** - The Type 1 (Individual) NPI of a rendering/servicing-only provider is correctly reported in the rendering provider loop/field but is not affiliated with the Type 2 (Group) NPI reported in the Billing Provider loop/field based on information updated in the PE system. – CARC – B7 and RARC – N198

(\*\* Select groups such as School Based Services and MIChoice providers are exempt from this edit)

### **REPLACEMENT AND VOID/CANCEL CLAIMS**

Within the former payment system, many of the rendering/servicing-only providers received payment through their individual (Type 1) NPI even though they were affiliated with a group. In CHAMPS, this will no longer happen.

The paid claims of these rendering/servicing-only providers have been migrated into the new system (with all other claims) for historical purposes. Due to the new NPI editing rules, they cannot be adjusted and/or replaced in CHAMPS. As a temporary workaround for this process, providers must first void the original claim and then rebill the claim as a new original claim with the appropriate Billing and Rendering NPIs. The void process for these types of claims has not been fully automated in CHAMPS but is expected to be fully functional by early November. Providers have the choice of holding back these types of void claims or submitting them now so that they will suspend until the process has been automated.

### **Public Comment**

The public comment portion of the policy promulgation process is being conducted concurrently with the implementation of the change noted in this bulletin. Any interested party wishing to comment on the change may do so by submitting comments in writing to:

Faye Ruhno  
Michigan Department of Community Health  
Medical Services Administration  
P.O. Box 30479  
Lansing, Michigan 48909-7979  
Or  
E-mail: [ruhnof@michigan.gov](mailto:ruhnof@michigan.gov)

If responding by e-mail, please include "CHAMPS NPI Editing" in the subject line.

### **Manual Maintenance**

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider Manual.

### **Questions**

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

### **APPROVED**



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