

Guidance on Subpart Determination for Medicare Organization Providers Who Are Covered Entities under HIPAA

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The National Provider Identifier (NPI) will replace health care provider identifiers in use today in Health Insurance Portability and Accountability Act (HIPAA) of 1996 standard transactions. All health care providers who are HIPAA-covered providers must obtain an NPI to identify themselves in HIPAA standard transactions.

Covered organization health care providers are responsible for determining if they have subparts that need NPIs. If there are subparts that need NPIs, the covered health care providers must ensure that the subparts obtain their own NPIs, or must obtain them for the subparts.

What Is a Subpart?

HIPAA-covered entities are legal entities. Often, a health care provider that is an organization may be comprised of components that function as health care providers somewhat independently of the “parent” (the covered organization health care provider of which they are a part). These components, which we call “subparts”, might conduct their own HIPAA standard transactions, might be certified by the State separately from their “parent”, or might be located at the same location as, or a different location from, their “parent”. The covered organization health care provider needs to determine if it consists of any such subparts, and, if it does, it must determine if any of those subparts need to have their own unique NPIs in order to be identified in HIPAA standard transactions. Many providers that are enrolled in Medicare are actually subparts. Examples of subparts may include different components of an organization health care provider, such as different departments of a hospital, and separate physical locations of an organization health care provider, such as the different locations of the members of a chain.

Why Is Subpart Determination Necessary?

Subpart determination ensures that entities within a covered organization health care provider that need to be uniquely identified in HIPAA standard transactions obtain unique NPIs for that purpose. The NPI Final Rule provides guidance to covered organization health care providers in determining subparts and whether or not they should have NPIs.

A subpart that conducts any of the HIPAA standard transactions separately from the “parent” must have its own unique NPI.

If Federal regulations exist that require an entity to have its own unique identification number for purposes of billing Federal health plans, such as Medicare, the covered organization health care provider would need to ensure that, if it was composed of subparts that were affected by such regulations, each subpart obtained its own NPI in order to be compliant with those regulations. This is because NPIs will eventually replace the billing numbers that had been assigned by Medicare. Medicare Durable Medical Equipment (DME) suppliers must obtain NPIs for each physical location in order to comply with such Federal regulations. No similar Federal regulations exist for other types of Medicare providers.

Who Is Affected by Subpart Delegation?

Medicare providers that apply for NPIs as Organizations (Entity Type 2) are affected by the subpart concept. Organizations include hospitals, nursing homes, DME suppliers, supplier groups, home health agencies, ambulatory

surgical centers, ambulance companies, and many others—some of which may be subparts of others. Subpart delegation does not affect health care providers who are enrolled in Medicare as individual practitioners or sole proprietors (for purposes of NPI assignment, they are Entity Type 1 health care providers). Individuals are considered legal entities, cannot designate subparts, and cannot be considered subparts.

Resources for Additional Information

Additional information regarding subparts is available on the Medicare NPI Implementation page at www.cms.hhs.gov/NationalProvIdentStand/06_implementation.asp on the CMS website.

For more detailed information on subpart designation, visit the Medicare Subpart Expectations paper at www.cms.hhs.gov/NationalProvIdentStand/Downloads/Medsubparts01252006.pdf on the CMS website.

A CMS web page dedicated to providing all the latest NPI news is available at www.cms.hhs.gov/NationalProvIdentStand/ on the CMS website. This page also contains a section for Medicare Fee-For-Service (FFS) providers with helpful information on the Medicare NPI implementation.

The Medicare Learning Network (MLN) is the brand name for official CMS educational products and information for Medicare fee-for-service providers. For additional information visit the Medicare Learning Network's web page at www.cms.hhs.gov/MLNGenInfo on the CMS website.

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