

State of California—Health and Human Services Agency
Department of Health Services



California
Department of
Health Services

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DATE: MAY 18 2007

MMCD All Plan Letter 07005

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: IMPLEMENTATION OF NPI UPDATE

The purpose of this All Plan Letter (APL) is to update plans on activities related to the National Provider Identifier (NPI) Rule and to address changes to the State Reporting (claims and encounter data) associated with the implementation of the NPI. As noted in the September 2006, APL #06006, the California Department of Health Services (CDHS) is undertaking significant changes to its data reporting and claims payment systems to accommodate the implementation of NPI.

STATE REPORTING

County Organized Health System (COHS)

In an effort to coordinate NPI changes with other desired data collection improvements, the CDHS has elected to use this opportunity to introduce a new Standard 35-file format, the S-35C. Changes to the S-35 file format have been made to support improved reporting capabilities, eliminate unnecessary data elements, and align the CDHS reporting requirements with recognized industry standards. The S-35C will be required for use by the COHS plans beginning in December 2007, for submission of November 2007, encounter data files (aka paid claims files).

CDHS will require all COHS plans to submit S-35C test files to assess the proper and effective use of the new file format. Instructions and due dates for the submission of test files are posted on the Medi-Cal Managed Care (MMCD) website. During the testing phase, it is imperative that each COHS plan continue to submit the S-35B file until CDHS has approved their S-35C file.

Two Plan/GMC/CalOptima

The (MMCD) will **not** be changing the encounter data file format for the Two-Plan Model and Geographic Managed Care plans, and CalOptima, except where it is specific to the

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reporting of NPI instead of the former Medi-Cal provider identification number or other provider identifiers. These plans should continue to use the current format until further notice, and we encourage all plans to start using the NPI in all relevant data submissions. The changes for this file format stated in MMCD APL #06006 issued on September 9, 2006, are on hold.

Documents on the Web

To facilitate implementation and support communications across and within the health plans, the CDHS will post a series of documents pertaining to State Reporting changes on the MMCD website. This will enable health plans to download and share documents including the S-35C Copybook, the Data Element Dictionary, and all FAQs. Please check the MMCD website under **State Reporting** at <http://www.dhs.ca.gov/mcs/mcmcd/> for the following information:

- Summary of Changes to the S-35 File – identification of added, deleted, and expanded fields;
- S-35C Copybook – technical specifications for the file layout;
- S-35C Data Element Dictionary;
- S-35C Record Layout;
- S-35C Technical Information - Instructions for submitting fixed vs. variable length records;
- S-35C Schedule and Instructions for Submitting Test Files;
- FAQs for NPI implementation and ongoing operations.

CONTINGENCY PLAN

On April 2, 2007, the Centers for Medicare and Medicaid Services (CMS) issued enforcement contingency regulations that give HIPAA covered entities an additional year for testing and implementation activities to complete NPI implementation by May 23, 2008. In order to ensure the continued smooth flow of payments for a 12 month period following the established compliance date of May 23, 2007, (i.e., May 23, 2007 through May 22, 2008), CMS will not impose penalties on covered entities that deploy contingency plans if they have made reasonable and diligent efforts to become compliant and, in the case of health plans, to facilitate the compliance of their contracted partners and provider networks. Specifically, as long as a health plan can demonstrate to CMS its active outreach and testing efforts and activities, it can continue processing payments to providers. In determining whether a good faith effort has been

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made, CMS will place a strong emphasis on sustained efforts as well as demonstrable progress. There is a limit, however, to the period of time during which covered entities may deploy contingency plans to allow for additional time to carry out needed testing and other activities without payment disruption, while providing a clear ending date for those activities. A covered entity, on-the-other-hand, may end its contingency plan at any time prior to May 23, 2008, but cannot continue it following that date.

MEDI-CAL FEE FOR SERVICE (FFS)

Medi-Cal is currently modifying the California Medicaid Management Information System (CA-MMIS) to comply with the NPI requirements of the HIPAA. The enforcement contingency regulations mentioned above give Medi-Cal an additional year for testing and implementation activities to complete NPI implementation by May 23, 2008. The modifications to CA-MMIS are significant and impact almost all primary and ancillary systems. In addition, almost all interactions with CA-MMIS that utilize provider identifiers are being transitioned to the NPI. These changes to CA-MMIS are scheduled for implementation in November 2007. Medi-Cal providers should regularly monitor the Medi-Cal website and watch for provider bulletins for instructions related to the NPI implementation for FFS claims.

ADDITIONAL INFORMATION

For additional information on the history of NPI, frequently asked questions, the NPI Final Rule, or how to apply for an NPI number, please see the CMS website: <http://www.cms.hhs.gov/NationalProvdentStand/>.

As we proceed with implementation of NPI, we will provide additional information and instructions to all stakeholders via the MMCD website as well as future APLs, as necessary. If you have any questions regarding this letter, please contact Mr. Russ Hart, Chief of the Policy and Financial Management Branch, at (916) 449-5000.

Sincerely,



Vanessa M. Baird, MPPA, Chief
Medi-Cal Managed Care Division