
Keane White Paper

NPI Compliance

Strategies for Winning the
Numbers Game

EXECUTIVE SUMMARY

Because of the critical nature of the National Provider Identifier (NPI), Payer organization need to begin planning for NPI now to ensure compliance by the deadline of May 23, 2007.

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Abstract

A provision of the Healthcare Insurance Portability and Accountability Act (HIPAA), the National Provider Identifier (NPI) requires all healthcare organizations to replace the provider IDs they currently use with the 10-digit numbers the Department of Health and Human Services (DHHS) will soon assign to every provider in the United States. Standardizing these IDs is a huge project that will have farreaching implications for healthcare organizations, affecting both business processes and the technical systems that support them.

Because of the critical nature of NPI, payer organizations need to begin planning for NPI now to ensure compliance by the deadline of May 23, 2007, and to avoid legal penalty. A crucial first step in the process of addressing NPI compliance is involving both IT and business unit personnel in a thorough assessment of the potentially affected technology components, business processes and trading partners. NPI compliance is not just an IT issue. Healthcare organizations need to align their remediation strategies with longterm initiatives and future regulatory requirements.

Partnering with a business and IT services provider that has healthcare industry expertise and proven large-scale conversion experience is key to implementing an effective NPI solution that is delivered on-time, on-budget and with minimal disruption. This paper discusses the implications of NPI, the critical components of an effective NPI

strategy and the criteria for selecting a business and IT services partner.

Introduction

By May 2007, all healthcare providers must comply with the National Provider Identifier (NPI) provision of the Healthcare Insurance Portability and Accountability Act (HIPAA). NPI is a 10-digit identifier that will simplify communication between providers and health plans and help eliminate the risks of fraud and abuse.

Mandated by federal law, the NPI will replace most other forms of identifiers for healthcare providers for standard transactions, including the Unique Physician Identification Number (UPIN), Medicaid Provider Number, Medicare Provider Number and others. The HIPAA Taxpayer Identification Number will not be affected.

The Department of Health and Human Services will begin assigning all HIPAA-covered healthcare providers with NPIs via contractors (or "enumerators"). According to DHHS, healthcare providers include hospitals, nursing homes, durable medical suppliers, clinical laboratories, pharmacies, as well as practitioners, group practices, and health maintenance organizations. The conversion must be completed by May 23, 2007; however, small health plans will be given an additional year to comply.

Once this number is assigned, it will not expire or change if a healthcare provider's name or address changes or if the provider is affiliated with multiple health plans.

The Impact of NPI

Health plans have historically assigned identifiers to providers for program management and operations purposes. Because the use of provider IDs is so widespread in a payer enterprise, NPI will affect many functions and systems: EDI, claims, enrollment, Web portals, voice recognition units, contracting and negotiated rates, credentialing, provider education, precertification, utilization management and trading partners. Physician databases and files are also often affected. Healthcare organizations should not underestimate the impact that NPI will have on their business and IT processes, or the time and effort required to shift from the old system to the new within the assigned deadlines. Organizations that do not comply with HIPAA's NPI provision or meet the deadlines may incur serious legal penalties. What's more, the resources and financial impact of HIPAA compliance is expected to surpass that of Y2K, particularly for payer organizations.

Implementing NPI will have far-reaching implications on healthcare organizations' systems, applications and processes. Organizations will need to evaluate the current characteristics of the numbers used today and how they will interact with NPIs. Some issues to consider:

- » **Smaller field length:** Today some health plans use a fixed field length for provider IDs, which is too small to accommodate the 10-digit NPI. Payer organizations will have to incorporate a larger field into their current database structure with the implementation of NPI.
- » **Alphanumeric field type:** Some provider IDs incorporate both numbers and letters. As the NPI

uses only numbers, with the final digit being a check sum, payers will need to determine how to accommodate this new structure.

- » **Embedded logic in the ID:** Some identifiers contain logic—numbers that determine how a claim is processed or what rates will be used. Because NPIs are generated automatically and contain no embedded logic, payers will need to determine how to continue to process claims correctly.
- » **Healthcare** organizations will need to perform a thorough assessment of their business and IT environment in order to determine the remediation approach for resolving these issues. While some approaches described below may require sizeable resources and systems changes, others are less complex.
- » **Crosswalk:** The crosswalk approach uses a translation table to translate NPIs to internally generated IDs as they enter (or exit) the system. This approach enables the system to use its legacy logic, functionality and displays thereby minimizing the amount of modification to applications, databases and historical data. However, if a downstream application requires, outputs or displays provider IDs, some modification necessary.
- » **NPI Conversion or Adoption:** With the conversion approach, internal provider IDs are replaced with NPIs across all applications, databases and historical data. In addition, all logic, functionality and displays associated with the internal provider IDs must be modified to be compatible with the NPIs. This can be an extensive and resource-intensive project, depending on the size of the healthcare organization.

Healthcare organizations should not underestimate the impact that NPI will have on their systems, applications, and business and IT processes.

- » **Expansion:** In this approach, the application or database is expanded to include NPIs. Logic and functionality are not modified. However, some applications may need to be modified in order to add logic that determines whether to provide the internal ID or the NPI to a downstream application.
- » **Hybrid:** The Hybrid remediation approach uses a combination of the above methods based on analysis of the impacted applications.

Regardless of the remediation approach, payers will need to build a one-to-one or many-to-one mapping table to link the many numbers that are currently associated with a healthcare provider to the NPI. This translation table will help payers ensure that operations are not disrupted as providers transition to NPI.

Key Elements of a Successful NPI Implementation Strategy

These are the top four strategies that leading healthcare organizations must employ to ensure their NPI projects are cost-effective, meet deadlines and avoid re-work.

Establish an Enterprise-wide PM

For healthcare organizations, the greatest challenge of

implementing NPI is managing all aspects of the project, including cost, time, scope, resources and quality, while maintaining customer satisfaction. Establishing a Program Management Office (PMO) that maintains total responsibility and oversight for the project allows healthcare organizations visibility and control throughout the engagement. The PMO creates a communication structure and hierarchy that ensures finely tuned project management and fast and effective compliance. The goal of the PMO is to:

- » Maintain alignment with business objectives
- » Manage on-time and within-budget delivery of the program
- » Inform management of program status through accurate performance metrics
- » Meet or exceed quality objectives
- » Effectively deploy resources
- » Gain productivity through process management and automation
- » Reduce risk through planning and effective strategies
- » Build awareness through effective communications

Create an Enterprise Strategy

Before embarking on an NPI implementation project, a healthcare organization needs to outline more than a remediation approach for modifying its applications and databases. A healthcare organization must create an enterprise strategy that determines how its business operations, systems and processes will be affected; the resources required to do the work; how internal and external communication will occur; and how training will be managed. The goal of an enterprise strategy is to provide senior management

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with a clear understanding of the conversion requirements and impacts from a business and IT perspective along with a roadmap and cost estimates for proceeding.

Ensure Collaboration Between Business and IT Organizations

Many organizations think of NPI and other HIPAA compliance projects as the responsibility of IT personnel. However, NPI compliance is both a business and an IT issue. Therefore, business and IT personnel need to collaborate to identify and assess the impact of an NPI project before developing a plan for remediation. Using a combination of business process and technical subject-matter experts, healthcare organizations must develop an inventory of potentially affected software components, business processes and trading partners. Using focused workgroups made up of the appropriate personnel in an affected business or functional area is the best strategy for eliciting requirements. Another useful strategy is that of “walking through” functional areas to view business functions, tasks and activities. These

“By leveraging Keane’s HIPAA PMO services, we were able to integrate best practices and process improvements into our organization and technologies. These improvements set the standard for the delivery of future initiatives, enabling NHP to provide the best possible healthcare to our members and services to our providers.”

— *Fran Hinckley, Chief Information Officer, Neighborhood Health Plus*

NPI compliance is both a business and an IT issue.

walk-throughs include interactive sessions with the personnel responsible for carrying out the business processes. Basic information and analysis should be developed by the workgroups; however, any cross-functional interactions need to involve project personnel.

Develop a Conversion Program Master Plan

To ensure efficient execution of the NPI project, healthcare organizations have to develop a Conversion Program Master Plan. The plan should define (1) how the conversion work will be divided and prioritized, (2) the remediation strategies to be employed and (3) the deployment and release management approach to be used. Once established, the conversion program master plan needs to be managed and maintained by the PMO. By partitioning the work into projects, healthcare organizations can group like projects together and prioritize them, allowing them to be incrementally released into production, avoiding bottlenecks and delays.

Selecting a Partner

Organizations should consult both the enumerator and a business and IT services provider before starting an NPI compliance project. The enumerator can help an organization understand the processes associated with assigning and maintaining the provider number. However, given the significant cost and tight deadlines

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of an NPI compliance project, the scope of systems and procedures affected and the healthcare industry's need to focus on patient care, finding the right business and IT services provider who has the resources to support the organization at any point of the initiative is the best approach for addressing these challenges.

Organizations should leverage the experience of a business and IT services provider with a track record of healthcare industry experience who will approach NPI conversion comprehensively — analyzing their NPI requirements from not only a regulatory and technology perspective, but according to their long-term business goals. In addition, healthcare providers should look for a partner that can assist them with the least amount of disruption, provide a cost-effective compliance solution and considerably improve efficiency by leveraging healthcare, development and application Game experience.

When selecting a partner to help meet HIPAA NPI requirements, healthcare organizations must first

Top 3 Criteria for Finding the Right Compliance Partner:

- » Specific experience and depth with security policy and technology consulting
- » Formal methodologies for helping healthcare organizations efficiently assess their HIPAA-related risks, vulnerabilities, opportunities and costs
- » Commitment to HIPAA practice through dedicated resources

—*Barry Runyon, Research Director,
Healthcare, Gartner Inc.*

evaluate the business and IT services provider's key capabilities. Consider the following:

- » **Experience:** Has the business and IT services provider successfully implemented conversion projects similar in scope and complexity and does it have an in-depth understanding of HIPAA's requirements?
- » **Proven Methodology:** Does the firm employ proven methodologies when setting up the project infrastructure to ensure that the appropriate level of commitment and resources are designated for each component of the HIPAA NPI program?
- » **Best Practices Approach:** Does the firm have hands-on experience with data conversion projects and does it use a best practices approach that is validated by healthcare industry leaders?
- » **Flexible Delivery Options:** Does the business and IT services provider offer a flexible range of resources, locations and cost structures that allows you to balance cost effectiveness with delivery requirements?
- » **Accountability:** Does the firm manage the project through an onsite Project Manager, providing a single point of accountability for all project efforts no matter where they are executed?
- » **Predictability:** Does the business and IT services provider use common technology migration processes, management disciplines, methodologies and metrics across all teams to ensure consistent, predictable and high-quality performance?
- » **Proven Quality:** Has the business and IT services provider's development centers been assessed by an independent third party, such as the Software Engineering Institute?

Benefits of Working With a Business and IT Services Partner

Healthcare organizations should choose a business and IT services partner who will bring a mix of management, process and technology expertise that will support a large-scale conversion initiative while improving the overall performance of its business and IT processes for long-term benefit and greater ROI. Other benefits of partnering with a business and IT services provider include:

- » **Lowering Business and Operational Risk:** By partnering with an experienced business and IT services provider, healthcare organizations ensure the NPI implementation effort meets compliance requirements and deadlines, while improving system performance.
- » **Reducing Costs and Increasing Organizational Flexibility:** By offering a scalable means for obtaining qualified onshore and offshore resources, outsourcing is one approach for reducing the resource and cost constraints of implementing NPI conversion.
- » **Gaining Efficiencies Through Repeatable Processes:** The business and IT services provider's conversion approach should be flexible and customizable so that it can be used on a variety of the healthcare organization's conversion initiatives.
- » **Avoiding Business Disruption:** Business and IT services providers with proven experience successfully executing compliance projects will help ensure the compliance solution will be delivered with minimal disruption.

Keane's NPI Compliance Solution

Keane's three-phased approach to NPI compliance assesses a healthcare organization's NPI business and IT requirements and designs a remediation strategy that aligns with the organization's long-term initiatives and future regulatory requirements. A holistic and structured approach such as this is the key to success in completing this HIPAA requirement within the allotted timeframe.

The phases of Keane's NPI Compliance Solution are:

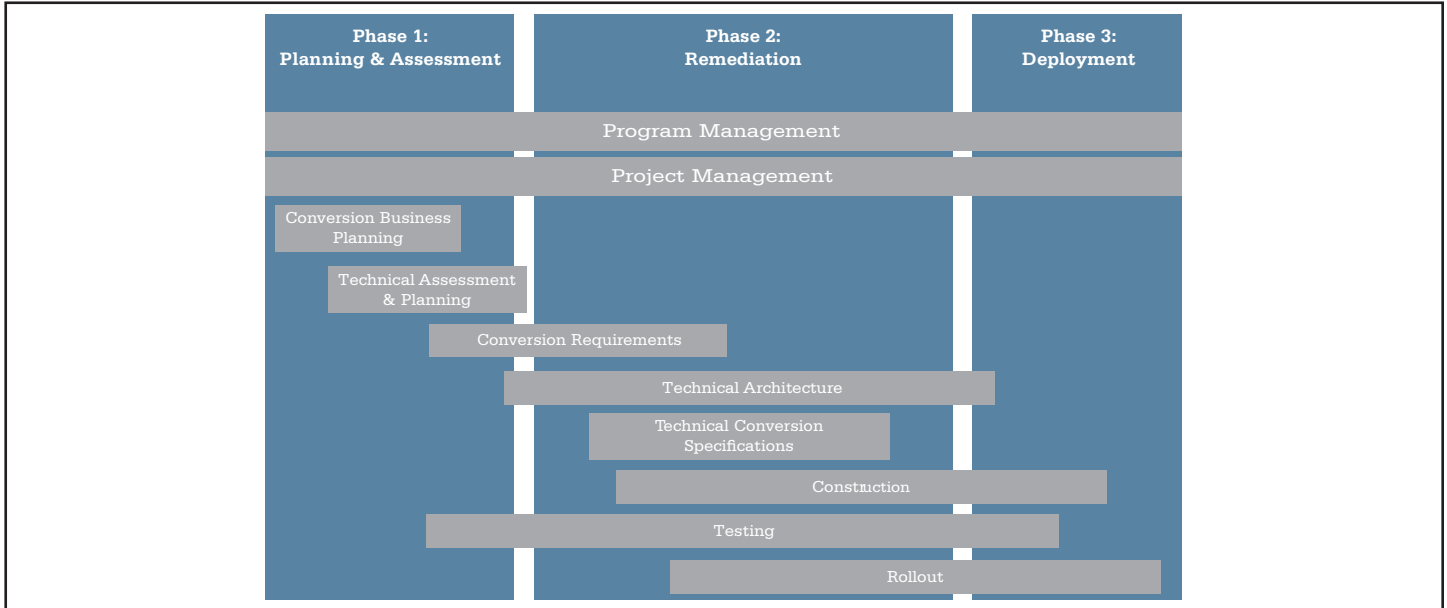
- » Planning & Assessment
- » Remediation
- » Deployment

Phase 1: Planning and Assessment

Before an actionable compliance plan can be formalized, an organization needs to work with a business and IT services provider to assess the scope of its undertaking. Keane analyzes the organization's technical systems and business processes to identify the conversion requirements; determines the impact on the organization, its systems and its partners; and measures the effort required to reach compliance. In addition, Keane reviews the organization's other strategic IT and business process initiatives to determine how they can be achieved in tandem with the compliance project. Keane then identifies potential project risks and mitigates actions at every stage of the project. With this level of awareness, healthcare organizations can make informed, business-driven decisions that Keane will incorporate into the compliance plan.

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Figure 1: Three Phases of Keane's NPI Compliance Solution



In this phase of the project, Keane will establish an NPI Program Management Office if the client does not already have one. An essential component of an NPI implementation project, this central management structure ensures an organization's compliance program is tailored to its mission, vision, priorities and long-term plans while managing the complexities of the NPI mandates.

Phase 2: Remediation

Once Keane formalizes an actionable compliance plan, Keane's project team divides it into conversion sub-projects, integrates it with other strategic initiatives the healthcare organization has chosen to target and implements it. The purpose of this phase is to analyze the impacted applications, design the required remediation, modify and develop software, and test all the affected applications to ensure they are

running flawlessly prior to the actual unique identifier compliance changeover. Keane tracks the discovery, status and resolution of any project-related issues to mitigate potential risks and employs independent verification and validation to guarantee quality assurance throughout the program.

“Keane's solution established best practices that set the standard for future IT development efforts and ensured we can react to any further changes in HIPAA transaction requirements quickly and painlessly.”

— Palma Maguire, Director, HIPAA PMO, Tufts Health

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Phase 3: Deployment

Keane manages the integration of the remediation strategy into the business to ensure a smooth transition with the least amount of disruption. Also during this phase, Keane works with the healthcare organization to communicate and facilitate organizational changes, document software changes and train employees on system changes to help prepare all impacted parties to ensure seamless deployment.

The complexity of the conversion requirements and the extent of the business impact will drive the size of the project. In addition, the capabilities of internal IT personnel and the priorities of the organization will drive the approach and implementation details.

As illustrated in the chart, Keane's NPI Compliance Solution comprises many conversion activities or "process threads" that are performed across the three phases of the project. These process threads — many of which span multiple phases — are defined below:

- » Program Management Office (PMO) — Manages the integrated set of conversion projects
- » Project Management — Manages individual conversion projects in accordance with
- » Keane's proven project management approach
- » Conversion Business Planning — Determines conversion remediation requirements from a business perspective and develops a business plan
- » Technical Assessment and Planning — Identifies and assesses the impact to a system's infrastructure and develops a strategic master plan for infrastructure remediation
- » Conversion Requirements — Analyzes impacted software and data to identify the changes that will

be required to remediate the software and perform the data conversion

- » Technical Architecture — Assesses whether the existing technical architecture will support the conversion approach, and plans and implements required technical architecture improvements
- » Technical Conversion Specifications — Designs the changes that will be required to accomplish the conversion
- » Construction — Makes software changes, develops new software, converts data and creates required data translation table in accordance with technical conversion specifications
- » Testing — Verifies and validates new and modified software and data, and revised business operations
- » Rollout — Manages the integration of conversion changes into the business to ensure a smooth transition with minimal disruption to business operations

Why Partner With Keane?

Keane has 30 years of experience helping healthcare providers, payers and government agencies meet compliance mandates and realize cost savings, efficiencies and better performance by optimizing their IT environments. By choosing Keane, healthcare organizations benefit from a business and IT services provider with the industry and technical expertise to deliver a compliance solution on-time, on-budget and with minimal disruption.

- » **Dedicated Healthcare Practice:** A dedicated resource pool of HIPAA-trained professionals and a history of successful engagements for 1,500 healthcare organizations.
 - » **Proven Compliance Approach:** Proven track record of executing large-scale, enterprisewide compliance programs for over 22 payers.
 - » **Unparalleled Project Management Expertise:** Recognized by clients and industry analysts for project management prowess. We use a PMO to ensure excellence, accountability and effective communication throughout the engagement.
 - » **Thought Leadership:** Over 30 years of healthcare experience and a contributor to HIPAA conferences, forums, briefings, summits, such as the First National HIPAA Security Summit, and industry associations, such as WEDI-SNIP, the North Carolina Health Information Communications Alliance, the Forum for Strategic National Implementation Process, and the Association for Electronic Healthcare Transactions.
 - » **Flexible Delivery Options:** A compliance solution that can be tailored to the management, resource and execution needs of any client.
 - » **Technical Excellence:** Expertise in industry-leading applications and business assessment, development, remediation and testing.
 - » **Global Delivery:** Offshore Advanced Development Centers leverage time zone advantages to extend remediation hours to nearly 24/7.
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