

**MOA MEMBERS
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NPI Q&A's – Forwarded from the AOA

There has been much confusion regarding DME suppliers, sole proprietors, etc that I went, once again, directly to CMS for answers. Please see below – especially the last paragraph for those of you who are having DME issues.

A sole proprietor only needs one NPI for himself and for durable medical goods.

An incorporated individual needs two NPI #s. Yes, but this is not stated as clearly as it should be. People may misunderstand. For example, the word “needs” sounds like he only needs one NPI but maybe could get more if he wanted. The words “An incorporated individual needs two NPI #s” sounds like the person—the individual—can actually obtain two different NPIs for him/herself. That is not true. The person can obtain an NPI and the corporation can obtain an NPI; they are two separate legal entities (whereas a sole proprietor and his/her sole proprietorship are a single legal entity.

A DMEPOS supplier who is a sole proprietor is eligible for only one NPI, even if the DMEPOS supplier has more than one location. Because the sole proprietor and his/her sole proprietorship business are legally a single entity—an individual—he/she is eligible for only one NPI. The sole proprietor applies for an NPI as an Entity type 1 – Individual. He/she furnishes his/her SSN when applying for the NPI. The sole proprietorship may or may not have employees.

A DMEPOS supplier who is the sole owner of a corporation (e.g., an LLC, PA, PC, Chapter S corporation) (commonly referred to as an “incorporated individual”) is eligible for an NPI, and so is the corporation. He/she applies for an NPI as an Entity type 1 – Individual, and the corporation applies for an NPI as an Entity type 2 – Organization. The corporation may or may not have employees.

Here is something you can use to help define a sole proprietorship. You may have to check with your tax preparers if you are unsure as to your type of business they have.

There is no difference between a sole proprietorship and a sole proprietor.

A sole proprietor is the sole (the only) owner of a business that is not incorporated; that unincorporated business is a sole proprietorship.

In a sole proprietorship, the sole proprietor owns all of the assets of the business and is solely liable for all of the debts of the business.

A sole proprietorship may or may not have employees.

The sole proprietor's SSN is the sole proprietor's/sole proprietorship's Taxpayer Identification Number (TIN). Often, the IRS will assign the sole proprietor/sole proprietorship an Employer Identification Number (EIN) to use in lieu of the SSN in W-2's (if there are employees) and in claims to health plans. (The EIN does not change the fact that the SSN is the TIN.) By using the EIN, the SSN is able to be kept private. Health plans are required to permit sole proprietors to use these EINs in their claims, and health plans include the EINs in the 1099s they send to the IRS. The IRS associates the EIN in the 1099s with the sole proprietor's/sole proprietorship's SSN for tax purposes.

I know this may seem black and white to you, but members are extremely confused by this. Many doctors are having DMERC claims denied. If the problem is NPI-related, the claims are rejected, not denied. In most cases, if the claims are rejecting with errors due to NPI, the DME MACs can resolve the problem. In order to do so, the DMEPOS supplier must contact a Customer Service Representative (CSR) at the DME MAC when experiencing a claims rejection problem. The CSR will elicit certain information from the DMEPOS supplier and then the DME MAC will investigate. In many cases, the DME MACs can get the problem fixed after investigation with no additional action required by the DMEPOS supplier. Each situation is different.