



# Terminology: What Is The NPI?

## What is the NPI?

One of the commonly searched items related to medical practice management is the acronym “NPI”. The initials stand for National Provider Identifier Standard and is part of the Health Insurance Portability and Accountability Act (HIPAA) Administrative Simplification Standard.<sup>1</sup> These standards as part of HIPAA, were enacted in 1996 with some later revisions and updates. One of the components of the act was the creation of this unique identifier standard for covered health care providers. Consisting of ten digits, it is a numeric “intelligence-free identifier,” meaning that “the numbers do not carry other information about healthcare providers, such as the state in which they live or their medical specialty.” All covered medical providers must have an assigned NPI to be used “in the administrative and financial transactions adopted under HIPAA.”<sup>1,2</sup>

The NPI “must also be shared with other providers, health plans, clearinghouses, and any entity that may need it for billing purposes.”<sup>1</sup>

## Why is the NPI Important?

In order to do a transaction, that is, an electronic exchange of data between two parties to carry out financial or administrative activities related to health care. For example, a health care provider will send a claim to a health plan to request payment for medical services.

## References

1. <https://www.cms.gov/Regulations-and-Guidance/Administrative-Simplification/HIPAA-ACA>
2. <https://www.cms.gov/Regulations-and-Guidance/Administrative-Simplification/NationalProvIdentStand/AdditionalChangesfor2023andOnward>
3. <https://www.cms.gov/Regulations-and-Guidance/Administrative-Simplification/Transactions/TransactionsOverview>

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