

July 2009

# Using Taxonomy in ProviderOne

## Phase 1 implementation

The Department of Social and Health Services (DSHS) is preparing to implement a new payment processing system known as ProviderOne. When ProviderOne is implemented, providers will be required to use a pre-assigned, 10-digit alphanumeric “taxonomy” code on claims. A taxonomy code indicates a provider’s type and specialty.

The purpose of this Fact Sheet is to communicate how the Department of Social and Health Services (DSHS) will be implementing provider taxonomy within its new payment system, ProviderOne, and what it means for providers in terms of billing and payment.

What is taxonomy?	<p>The general term “taxonomy” refers to a classification system. In the medical billing and payment world, “provider taxonomy” refers to the national provider classification system defined by the Centers for Medicare and Medicaid Services (CMS). This national classification system was defined as part of the National Provider Identification (NPI) rule of the Health Insurance Portability and Accountability (HIPAA) Act.</p> <p>The national provider taxonomy codes identify a provider’s type and area of specialization. Taxonomy codes are 10 digits in length and include both alpha (letters) and numeric (numbers). The first two digits are provider type, next two digits are provider specialty, and the next five digits are the provider subspecialty. The last digit is reserved for future use so it will display as an “X”.</p>
How was my taxonomy assigned?	<p>When completing the data conversion process to transfer the current provider database into ProviderOne, DSHS mapped each of the current proprietary classifications (Provider type and specialty) to an equivalent national provider taxonomy.</p>
How can I learn my taxonomies?	<p>Providers can view the DSHS assigned taxonomy during ProviderOne registration and make changes, if appropriate. Remember, these taxonomies need to be present for <u>billing</u> and <u>servicing</u> (if applicable) providers on the claim when billing DSHS.</p> <p>DSHS is developing a web tool for providers to download their associated DSHS approved taxonomies. This will be available closer to ProviderOne implementation.</p> <p>In the meantime, you can print them out for reference during registration. To do this, in “Step 3: Specializations” of the Registration Wizard, set your filter to “Status,” and the box next to it to “All.” From there, just click the “Save to XLS” button at the bottom of the screen. Then simply use the formula described above (provider type code, specialty code, subspecialty code, and “X” – and you’ll have your taxonomies. For more about registration, visit <a href="http://hrsa.dshs.wa.gov/ProviderOne/Registration.htm">http://hrsa.dshs.wa.gov/ProviderOne/Registration.htm</a>.</p>

Important Tips  
for Getting Paid:

- Verify your taxonomy during registration
- Use your verified taxonomy for billing and servicing (if applicable) providers on your claim when billing
- Make sure the service you are billing is allowed by the taxonomy

How is DSHS  
using the  
national provider  
taxonomy?

The following table provides a quick comparison of the differences in today’s Medicaid Management Information System (MMIS) and the future ProviderOne in terms of provider taxonomy:

Today’s MMIS	Future ProviderOne
1. Providers have a DSHS proprietary ID – often multiple IDs to correspond to different lines of business	1. Providers have a National Provider Identifier (NPI) obtained from the Centers for Medicare & Medicaid Services (CMS) and reported to DSHS – the number of NPIs may vary from the proprietary IDs in today’s MMIS
2. DSHS assigns a proprietary classification (type and specialty) behind the scenes based on what the provider indicates on their Core Provider Agreement	2. DSHS assigns one or multiple national provider taxonomy to each NPI based on today’s type and specialty – providers can view and update their assigned taxonomy during registration. Visit <a href="http://hrsa.dshs.wa.gov/ProviderOne/Registration.htm">http://hrsa.dshs.wa.gov/ProviderOne/Registration.htm</a> for registration information.
3. Claims are processed based on a provider’s proprietary classification: <ul style="list-style-type: none"> <li>• Billed services must be allowed by the provider type and specialty</li> </ul>	3. Claims are processed based on the national provider taxonomy assigned by DSHS or chosen by the provider during registration: <ul style="list-style-type: none"> <li>• Providers must include the taxonomy for <u>billing</u> &amp; <u>servicing</u> (if applicable) providers on their claim since a single NPI can have more than one taxonomy</li> <li>• The taxonomy on the claim must be one of the taxonomies assigned to the NPI in ProviderOne</li> <li>• The billed service must be allowed by the taxonomy</li> </ul>

What else must I know about provider taxonomy when billing DSHS?

- Only a subset of the national taxonomies was required when mapping the current provider database to ProviderOne. Only those taxonomies shown in the drop down list in ProviderOne are being used. There are literally thousands of national taxonomies that DSHS will not be using.
- DSHS has no way of knowing which taxonomies you used when you registered your NPI at the national level – there is no national database for accessing taxonomies from CMS. Therefore, DSHS assigned taxonomies based on how we know each provider today.
- The service on your billed claim must be allowed by your taxonomy. For example, oxygen services require an oxygen taxonomy, durable medical equipment (DME) billings require a DME taxonomy, dental services require a dental taxonomy, etc.
- Most taxonomy codes include a broad range of services. There are some taxonomy codes, however, with quite limited approved services (e.g., Ventilation/tracheotomy, alcohol and substance abuse, Maternity Support, and Federally Qualified Health Clinics (FQHC)/Rural Health Clinics (RHC)). For more information about taxonomy, please refer to your contract (if applicable) or Billing Instructions for your unique program.

For more information about ProviderOne and registration, please visit <http://hrsa.dshs.wa.gov/ProviderOne> and sign up for our email list for notifications.