National Committee on Vital and Health Statistics (NCVHS)
Subcommittee on Standards - Review Committee
Hearing on Adopted Transaction Standards, Operating Rules, Code Sets & Identifiers

Panel 2 – Health Plan Eligibility, Benefits Inquiry & Response

The National Council for Prescription Drug Programs (NCPDP) is a not-for-profit ANSI-Accredited Standards Development Organization (SDO) consisting of more than 1,500 members who represent drug manufacturers, chain and independent pharmacies, drug wholesalers, insurers, mail order prescription drug companies, pharmaceutical claims processors, pharmacy benefit managers, physician services organizations, prescription drug providers, software vendors, telecommunication vendors, service organizations, government agencies, professional societies, and other parties interested in electronic standardization within the pharmacy services sector of the healthcare industry. NCPDP provides a forum wherein our diverse membership can develop solutions, including ANSI-accredited standards, and guidance for promoting information exchanges related to medications, supplies, and services within the healthcare system.

In 2009, NCPDP standards were adopted for the following retail pharmacy drug transactions: health care claims or equivalent encounter information; eligibility for a health plan; referral certification and authorization, coordination of benefits; and Medicaid pharmacy subrogation. In the Modifications final rule, HHS adopted the NCPDP Telecommunication Standard Implementation Guide, Version D,
Release 0 (hereinafter referred to as Version D.0) and equivalent NCPDP Batch Standard Implementation Guide, Version 1, Release 2 (Version 1.2) in place of the NCPDP Telecommunication Standard Implementation Guide, Version 5, Release 1 (Version 5.1) and equivalent NCPDP Batch Standard Implementation Guide, Version 1, Release 1 (Version 1.1), for the HIPAA retail pharmacy drug transactions.

Since the completion of Version D.0, 15 new versions of the Telecommunication Standard have been created as a result of 33 Data Element Request Forms (DERFs) and 104 DERFs requesting changes to the NCPDP External Code List (ECL) being submitted and approved by the members of NCPDP. 92 data elements have been added of which 34 were added for controlled substance reporting which is not a named HIPAA transaction and 12 data elements have been sunsetted. 121 instances of existing data elements had values added, redefined or renamed. 140 reject codes were added and 77 reject codes were sunsetted.

NCPDP members use the Version D.0 eligibility transaction (E1) and the *ASC X12 Standards for Electronic Data Interchange Technical Report 3 (TR3) - Health Care Eligibility Benefit Inquiry and Response (270/271)*, April 2008, ASC X12N/005010X279A1 (hereinafter referred to as X12N 270/271).

The Version D.0 eligibility transaction (E1) is sent from the pharmacy provider to the processor to obtain and verify the eligibility of a specific patient according to appropriate plan parameters. Medicare Part D also uses the E1 transaction to determine patient eligibility. If a patient enrolled in Medicare Part D does not present a Medicare Part D ID card to the pharmacy provider or the pharmacy provider wants to verify coverage, this transaction can be used to determine which plan(s) to bill and if known, in what order. The Medicare Part D Transaction Facilitator provides this information on the E1 response to the pharmacy provider. This eligibility enrollment response will be different than a normal eligibility response from a processor. In the normal eligibility response, the processor supplies eligibility information specific to coverage provided under that plan. In the Medicare Part D eligibility response, the Transaction Facilitator supplies eligibility enrollment information for Medicare Part D coverage and other health insurance coverage via the eligibility request by the pharmacy provider. CMS provides to the Transaction Facilitator eligibility enrollment data, which includes plans in which the patient is enrolled.

The X12N 270/271 is used in electronic prescribing to obtain the formulary and benefit pointers of BIN, PCN, Group and Cardholder information as well as the Formulary ID, Alternate List ID, Coverage ID and Copay ID. The BIN, PCN, Group, and Cardholder can then be sent on the SCRIPT new prescription transaction from the prescriber to the pharmacy to assist the pharmacy with billing. The X12N 270/271 can also be used to obtain medication history as the response can contain fill and claims data and eligibility verification.

NCPDP members were surveyed and conference calls were held to obtain input to the questions posed by the Review Committee.

Value

- *Overall, does the currently adopted* ***transactions*** *meet the current (and near-term) business needs of the industry? Please provide as much as possible any evidentiary information (qualitative or quantitative) to support your viewpoints*
- *Overall, do the* ***standards, code sets, and identifiers*** *adopted for each transaction meet the current (and near-term) business needs of the industry? Is the industry achieving the intended benefits from the transactions and their corresponding standards, code sets and identifiers? Please provide as much as possible any evidentiary information (qualitative or quantitative) to support your viewpoints*
- *Have there been any studies, measurement or analysis done that documents the extent to which the transactions and their corresponding standards, code sets and identifiers, as adopted and in use, have improved the efficiency and effectiveness of the business processes? Please provide, as much as possible, information for specific transactions.*

For the most part, both the NCPDP Version D.0 E1 transaction and the X12N 270/271 meet the pharmacy business needs for basic eligibility and benefit information. Workarounds have been developed to support the business requirements not met in the currently adopted versions.

Workarounds, flexibility to meet ongoing business needs without moving to a new version of the standard, and the time it takes to adopt a new version of a HIPAA adopted standard was the impetus to develop an external code list process. In August 2002, the membership of NCPDP voted to move all

internal data element code sets maintained by NCPDP to external code lists (ECL) maintained by NCPDP. To achieve consistency and standardization across all industry participants, a recommended adoption of an annual ECL implementation schedule to incorporate up to four (4) ECL publications each year was enacted in October 2003. In November 2010, an expedited implementation of values added to the ECL that are specific to regulatory requirements, an Emergency ECL Value Exception process was developed. While the normal quarterly ECL publication process is followed, these "emergency approved" values are published and tracked in a separate document referred to as the Emergency Telecommunication ECL Value Addendum.

While the above process does not address new data elements or new/modified situational rules, it has provided the pharmacy industry participants with the means to address many business needs without moving to a new standard. Also, incorporated by reference in the Version D.0 guide is the *Telecommunication Version D and Above Questions, Answers and Editorial Updates* document. This document provides a consolidated reference point for questions that have been posed based on the review and implementation of Version D.0 and above, the Data Dictionary, and the External Code List. This document also addresses editorial changes made to these documents and questions which were not specifically addressed in the guide or could be clarified further.

Volume

- *What is the current volume / percentage / proportion of business transactions being conducted electronically (each transaction) using the adopted standard?*

NCPDP members reported the following monthly volume ranges.

Version D.0 E1: 18,000,000 – 48,000,000 transactions per month
X12N 270/271: 50,000,000 – 80,000,000 transactions per month

Barriers

- *Are there any known barriers (business, technical, policy, or otherwise) to using the transactions, standards, or operating rules?*
- *Is there any perceived or qualified degrees of variability in stakeholders' usage of adopted transactions and operating rules?*

	Extremely Variable	Moderately Variable	Slightly Variable	Not Variable
Telecommunication - Eligibility	6.25%	18.75%	6.25%	6.25%
ASC X12N 270/271 Eligibility/Benefit Transaction	6.25%	0.00%	18.75%	6.25%

- *What is the qualified or quantified degree of difficulty in adopting and expanding the usage of the transactions and operating rules*

	Extremely Difficult	Moderately Difficult	Slightly Difficult	Not Difficult
Telecommunication - Eligibility	13.33%	13.33%	6.67%	13.33%

ASC X12N 270/271 Eligibility/Benefit Transaction	0.00%	13.33%	6.67%	20.00%

Barriers that have been identified are typically addressed through developing a workaround and submitting a *Data Element Request Form* (DERF) to modify the next version of the standard.

Alternatives

- *Are there any known perceived or qualified availability and acceptance of other methods / approaches in achieving the same goal which the adopted transactions and operating rules intend to deliver*

Direct Data Entry (DDE) via web portals and interactive voice response systems are alternatives used today to obtain eligibility and benefit information.

Opportunities

- *Are there any identified areas for improvement of currently adopted transactions and their corresponding standards, code sets and identifiers?*
- *What, if any alternatives exist for improving efficiency and effectiveness of the business process for each of the transactions adopted and in use?*
- *Are there additional efficiency improvement opportunities for administrative and/or clinical processes of these transactions and strategies to measure impact? Would they be addressable via new or different standards?*
- *What alternatives exist to achieve similar or greater efficiency and effectiveness between trading partners at lower administrative cost?*

Workers' Compensation is not covered under HIPAA; however, many states are now mandating the use of the HIPAA versions of standards for workers' compensation. In order to support the state specificity of Workers' Compensation, additional data elements will need to be supported.

Changes

- *Are there any changes that should be made to the current transaction standards, or the mandate to use them?*

NCPDP has a change request process called the DERF which allows any industry stakeholder to request changes to the standards.

The significant changes made to Version D.0 were done to support Medicare Part D eligibility requests. The changes are:

- Added Last Known 4RX segment to Eligibility Transaction to support Medicare Part D - It is sent by the pharmacy with last known claim information which is then used by the Transaction Facilitator to locate the member/beneficiary

- Updated sections to include general information and to allow specifics to the program that may change to be cited in other documentation than in this standard. In section "*Transmission Examples*" Eligibility Verification examples that were specific to Medicare Part D have been moved to the Version D Editorial document to allow the examples to change as the Part D program changes.

NCPDP requested additional service type codes be added to the X12N 270/271 transaction to support additional types of pharmacies such as long term care and specialty pharmacy. A workaround was developed to support these types of pharmacies in the current version.

Additional Question

- *What is the degree of usage of non-batch transactions (i.e., web portals) for eligibility?*

In the pharmacy industry, most transactions are submitted in a real-time mode using the NCPDP standards.

Operating Rules

- *Overall, do the currently adopted operating rules meet the current (and near-term) business needs of the industry? Is the industry achieving the intended benefits from the operating rules? Please provide as much as possible any evidentiary information (qualitative or quantitative) to support your viewpoints*
- *Have there been any studies, measurement or analysis done that documents the extent to which the operating rules, as adopted and in use, have improved the efficiency and effectiveness of the business processes?*
- *Explain the perceived or actual adoption trend of each set of operating rules (by transaction, by industry sector – i.e., providers, health plans). Describe challenges and opportunities for broader adoption of these ORs by industry stakeholders*
- *Are there any identified areas for improvement of currently adopted operating rules?*
- *What, if any alternatives exist for improving efficiency and effectiveness of the business process for each of the transactions for which operating rules have been adopted?*
- *Are there additional efficiency improvement opportunities for administrative and/or clinical processes of these transactions that can/should be addressed via operating rules, and strategies to measure impact?*
- *What alternatives exist to achieve greater efficiency and effectiveness between trading partners?*
- *Are there any changes that should be made to the current ORs or the mandate?*

As noted earlier, the X12N 270/271 is used in electronic prescribing which is out of scope for the mandated CAQH CORE Operating Rules. NCPDP created a document, *NCPDP Operating Rules for the ASC X12 270/271 Transactions in Electronic Prescribing,* which supports consistent implementation guidance for the electronic prescribing functions using these transactions.