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

Panel 4 – Health Care Claim or Equivalent Encounter Information

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 claim and service transactions (B1, B2, B3/S1, S2, S3) and the *ASC X12 Standards for Electronic Data Interchange Technical Report 3 (TR3) - Health Care Claim: Profession (837)*, May 2006, ASC X12N/005010X222A1 (hereinafter referred to as X12N 837).

The Version D.0 claim transaction (B1/B2/B3) is sent from the pharmacy provider to the processor to request payment from the processor for a specific patient for claims billed according to appropriate plan parameters. Billings may be for products dispensed, DUR conflict resolution, or professional services rendered. Services may be correlated with a dispensing event or may be separate and unrelated to any particular prescription. Professional pharmacy services may include but are not limited to blood pressure monitoring, taking a patient history for a new disease or diagnosis, referring patients to other health care providers, and counseling and education beyond the act of describing a medication's use and side effects. Service billings use the Version D.0 S1/S2/S3 transactions. The Version D.0 B1/B2/B3 transaction is also used to report health care product/services from the provider to the payer (encounters).

The X12N 837 is used to bill medications and supplies covered under the Medicare Part B program and for professional pharmacy services covered under a medical plan.

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 (B1, B2, B3/S1, S2, S3) transactions and the X12N 837 meet the pharmacy business needs for claim/service or encounter 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.

A quote from a NCPDP member "The standards currently in use are extremely beneficial. Prior to v5.1 we (software vendor company) had about 75 different VERSIONS of the then current standards that were in use including but not limited to 3A, 3B, 3C, 3.2 and 3.4 and numerous variations of each. Moving to v5.1 substantially reduced the number of custom or semi-custom versions that we had to support by at least a power of 10. The move to Version D.0 provided additional help as we were finally able to eliminate the 433-DX misuse that had previously occurred along with improvements to other areas of the standard, including but not limited to COB and Compounds. I think that the goal that everyone would like to achieve is to be able to identify new business requirements, design the solution into the standard and implement those solutions in time to support these new business requirements. We know that we will not always be 100% successful in achieving this goal as business requirements are not always identifiable far enough in advance to allow for this process. However, constant quality improvements in the standards, as provided by NCPDP, will significantly help address such issues."

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 Claim/Service: 70,000,000 – 228,000,000 transactions per month
X12N 837: 38,000,000 – 50,000,000 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 - Claims	12.50%	18.75%	31.25%	12.50%

ASC X12N 837 Professional Claim	0.00%	12.50%	0.00%	0.00%

- *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 - Claims	0.00%	53.33%	6.67%	13.33%
ASC X12N 837 Professional Claim	0.00%	13.33%	0.00%	0.00%

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.

One barrier that was identified is the use of Quantity Prescribed in the Version D.0 standard. The Quantity Prescribed data element is designated as not used and a business requirement, to distinguish incremental cycle fills of a controlled substance prescription in LTC claims from illegal refills, was brought forward by CMS Medicare Part D to change the field to a situational data element. NCPDP addressed this barrier by approving a change to the standard during the November 2012 work group meetings. A manual process exists for the workaround. The timeline for requesting this change to be adopted under HIPAA follows.

a. 11/2012 a request for HIPAA rule making notification was sent to OESS and NCVHS
b. DSMO Change Request 1182 was filed and approved
c. In 03/2013, NCPDP received approval from OESS. OESS thought they would publish a notice in the Federal Register per letter response to NCPDP.
d. NCVHS sent a recommendation letter to HHS.
e. Summer 2013 NCPDP was sent information that ACA could not be used and the change would have to go through full rulemaking (Notice of Proposed Rule Making (NPRM) and Final Rule) process.
f. 08/2013 NCPDP requested reconsideration and clarification from HHS.
g. 03/2014 NCPDP received a response from HHS to the 08/2013 letter. The change will go through NPRM and Final Rule process.
    a. 09/2014: Timeframe of NPRM publication has been reported as: “May 2015”.
    b. 10/2014: WG1 Telecom FAQ Task Group and SNIP provided implementation timeline verbiage to OESS
h. 04/17/2015 Update from NSG: At this time the Quantity Prescribed issue is going through the regulatory process. We will provide a revised target date for a regulation very soon**.**

Nearly three years have passed since the initial request was sent. The barrier that exists today no longer is a standard issue but one of federal government regulations and process. These barriers must be addressed and removed; otherwise, any new version of a HIPAA adopted standard brought forward for adoption will be out dated and require workarounds before it is adopted.

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 a web portal and paper billing are alternatives used today.

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. In addition, adjustor response time for processing Workers' Compensation needs to be standardized.

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 the Version D.0 claim/encounter transaction are:

- Compounds
    - Increased field size for Compound Dosage Form Description Code to allow the usage of a consistent code set with more robust values as other NCPDP standards use – the NCI values of Diagnostic, Therapeutic, and Research Equipment – Pharmaceutical Dosage Form
    - Added data element – Compound Prep Time
    - Compound Ingredient Quantity (448-ED) was increased from 9(7)v999 (1Ø digits) to 9(7)v9999999 (14 digits)
- Added new qualifier code values to represent Medication Administration (Vaccines) Fee
- Modified Response Patient Segment text to clarify usage for non-Part D claims
- Clarified Medicaid ID Number Usage
- Added data element – "Next Available Fill Date" Editorial Document guidance was created for relaying this information in Version D.0 by using the Additional Message Information Area
- Harmonized Demographic data elements across standards
- Modified situations for Unit of Measure, Percentage of Sales Tax Submitted and Paid
- Added Response Prior Authorization Segment on the claim billing response to return the PA Expiration Date

In addition to the changes noted above, NCPDP is working on the solutions to the following business needs:

- A mechanism to identify payment/payer types
- Workers' Compensation enhancements such as state license numbers, jurisdiction fields (miscellaneous fields for state specific requirements), third-party bill related fields, provider/pharmacist first and last name field additions and a reconsideration or rebill indicator
- Additional codification of response messages

At the present time, NCPDP plans to submit a DSMO request in February 2017 to adopt a new version of the Telecommunication Standard, Batch Standard, and Medicaid Subrogation.

Additional Question:

- *What is the degree to which clean claims are being achieved?*

Since the pharmacy industry submits the majority of Version D.0 claims in real-time, the claim is either paid or rejected upon submission.