



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

Panel 7 – Health Care Payment, Remittance Advice and Electronic Fund Transfer

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.

NCPDP members use the *ASC X12 Standards for Electronic Data Interchange Technical Report 3 (TR3) - Health Care Claim Payment/Advice (835)*, June 2010, ASC X12N/005010X221A1 (hereinafter referred to as X12N 835) and the NACHA ACH CCD plus Addenda Record (hereinafter referred to as CCD+).

The X12N 835 is created by the processor and sent to the pharmacy to indicate final payment and non-claim adjustments.

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, the X12N 835 and CCD+ meet the pharmacy business needs. One member reported cash application labor has been reduced 90% as a result of 835 and EFT implementation.

NCPDP developed specific implementation guidance assistance for the pharmacy industry. The guidance documents are reviewed by the ASC X12N work group to ensure accuracy and are available to any stakeholder.

The guidance documents are

Claim Paid but No Financial Transaction Reporting Transaction - the document provides guidance to the pharmacy sector of the health care industry for reporting pharmacy claims paid at point of sale (POS) but because of an agreement there are no financial transactions exchanged using the X12N 835 to their long term care (LTC) business partners.

NCPDP Pharmacy Reference Guide to the ASC X12/005010X221 Health Care Claim Payment/Advice (835) - the reference document is meant to supplement the provider manuals that payers build. Payers can use this document to convey the important features of supporting the X12N 835 to their business partners.

White Paper – the document provides guidance to the pharmacy industry to prepare for the implementation of the X12N 835.

Mapping Document – the document provides for consistent use of the Claim Adjustment Reason Codes (CARC), Claim Adjustment Group Codes (CAGC) and NCPDP Reject Codes in the X12N 835.

Payer Audit Reporting Transaction - the document provides guidance to the pharmacy sector of the health care industry for reporting the outcome of a payer initiated post payment audit and adjustment of pharmacy claims using the X12N 835.

Low Income Subsidy (LIS) Reporting Transaction – the document provides guidance to the pharmacy sector of the health care industry for reporting the outcome of a payer initiated retro-active Low Income Subsidy (LIS) adjustment of pharmacy claims using the ASCN 835 to their long term care (LTC) business partners.

Central Pay Transaction – the document provides guidance to the pharmacy sector of the health care industry to convey a consistent solution for recovering overpayments from a Central Pay Prescription Service Administration Organization (PSAO) and/or financial intermediary via the X12N 835.

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.

X12N 835: 31,000,000 – 37,000,000 transactions per month

CCD+: 17,000,000 – 24,000,000 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
ASC X12N 835 Remittance Advice	0.00%	37.50%	12.50%	0.00%
ACH EFT Standard	6.25%	6.25%	6.25%	31.25%

- 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
ASC X12N 835 Remittance Advice	0.00%	33.33%	13.33%	6.67%
ACH EFT Standard	0.00%	20.00%	20.00%	20.00%

As it pertains to the CCD+ standard, observation and engagement show that a small percent of independent pharmacies find this cost prohibitive, so full benefits are not realized for this 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

No known alternatives

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. Currently, some separate state specific explanation of benefits has to be generated.

Changes

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

For HIPAA covered entities, no changes are needed.

Additional Question

- *What is the status of use of CARC/RARC code sets?*

	Significantly Used	Moderately Used	Slightly Used	Not Used
Claim Adjustment Reason Codes (CARCs)	21.43%	7.14%	21.43%	7.14%
Remittance Advice Remark Codes (RARCs)	14.29%	14.29%	21.43%	7.14%

NCPDP has developed a *Mapping Document* that contains recommendations on the use of CARCs. The document provides a consistent use of the Claim Adjustment Reason Codes (CARC), Claim Adjustment Group Codes (CAGC) and NCPDP Reject Codes in the X12N 835.

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?*

The CAQH CORE Phase III operating rules include pharmacy specific scenarios, and meet the pharmacy business needs.