National Committee on Vital and Health Statistics (NCVHS)
Subcommittee on Standards - Review Committee
Hearing on Operating Rules

Panel 1 – 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.

NCPDP members use the *ASC X12 Standards for Electronic Data Interchange Technical Report 3 (TR3) - Health Care Claim: Professional (837)*, May 2006, ASC X12N/005010X222A1 (hereinafter referred to as X12N 837).

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.

Conference calls were held with NCPDP members to obtain input to the questions posed regarding the Operating Rules for Claims (X12N 837).

NCPDP supports the decision to not include data content rules into the latest set of operating rules. Transaction data content and its' use is the responsibility of the SDO. Since data content rules are not contained in this set of operating rules, there is no impact to the HIPAA adopted standards.

NCPDP supports the standardization of Companion Guides through the use of a template. At this point in the 837N implementation cycle, the cost to develop and distribute a X12N 837 Companion Guide based on the template outweighs the benefit. Most entities have already implemented the X12N 837.

NCPDP supports the voluntary use of the ASC X12 999 and the 277CA. NCPDP recommends the ASC X12 Acknowledgment Reference Model be used to determine when an ASC X12 999 transaction is generated. NCPDP does not support the mandated use of transactions that have not been adopted

through the HIPAA process. If the ASC X12 277CA is mandated, payers/processors and pharmacies will incur additional cost to support the ASC X12 277CA transaction, its' data content and code sets. The pharmacy industry does not have a business need to use the ASC X12 277CA.

The 470 Connectivity Rule which supports the next set of transactions requires the X.509 Digital Certificate to be supported by payers. The Authentication rules need to be consistent across all Phases. Payers/processors will incur additional costs to implement while the providers may not use this method.

Security requirements for user authentication are included; however, privacy and confidentiality are not covered. NCPDP does not believe the operating rules address or facilitate emerging or evolving clinical, technical and/or business advances for the pharmacy industry. The pharmacy industry has supported a real time adjudication process for more than 25 years. While the 450 Health Care Claim (837) Infrastructure Rule addresses certain requirements for the submission of an 837 in real time, it does not address any requirements for real time adjudication. The pharmacy industry supports the advancement of real time adjudication for non-pharmacy claims.

It is the opinion of NCPDP that the HIPAA adopted transactions do not need operating rules. In addition, we believe the operating rules do not provide any value for the HIPAA adopted transactions.