



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

Panel 3 – Prior Authorization

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 have limited use of the *ASC X12 Standards for Electronic Data Interchange Technical Report 3 (TR3) - Health Care Services Request for Review and Response (278)*, April 2008, ASC X12N/005010X217E1 (hereinafter referred to as X12N 278). The X12N 278 transaction does not meet the business needs to support medication prior authorization because it does not accommodate the information necessary to facilitate the prior authorization.

The X12N 278 is used by the prescriber to request a prior authorization of a medication, supply or service covered under the pharmacy benefit.

Conference calls were held with NCPDP members to obtain input to the questions posed regarding the Operating Rules for the X12N 278.

The CAQH CORE 452 Operating Rule, Section 3.4 Outside the Scope of This Rule: *“Retail pharmacy prior authorizations are out of scope for this rule, i.e., pharmacist initiated prior authorization for drug/biologics and prescriber initiated prior authorization for drugs/biologics.”* NCPDP supports the exclusion of retail pharmacy prior authorization for drug/biologics. With this exclusion, the Operating Rule would only apply to covered pharmacy benefit supplies or services which require a prior authorization.

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. The cost to develop and distribute a X12N 278 Companion Guide based on the template outweighs the benefit. With little to no usage of the X12N 278 in the pharmacy industry, developing a X12N 278 Companion Guide using a template will pose significant cost with little benefit.

NCPDP supports the voluntary use of the ASC X12 999. 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 a transaction that has not been adopted through the HIPAA process.

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 their trading partners 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.

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.