National Health Plan Identifier Recommendations

NCVHS Subcommittee on Standards

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Session: A1: Proposals for a National Health Plan Identifier

What is NCPDP?

- An ANSI-accredited standards development organization.

- Provides a forum and marketplace for a diverse membership focused on health care and pharmacy business solutions.

- A member driven organization that has been named in various government legislation and rulings, such as HIPAA and the Medicare Prescription Drug Benefit.

- One of several Standards Development Organizations (SDOs) involved in Healthcare Information Technology and Standardization.

- Focus on pharmacy services, and has the highest member representation from the pharmacy services sector of healthcare.

Pharmacy Standards Adopted

- HIPAA:
  - Telecommunication Standard Implementation Guide Version D.Ø
  - Batch Standard Implementation Guide Version 1.2
  - Medicaid Subrogation Standard Implementation Guide Version 3.Ø

- MMA:
  - SCRIPT Standard Implementation Guide Version 8.1 (10.6 next)
  - Formulary and Benefit Standard Implementation Guide Version 1.0
  - Telecommunication Standard Implementation Guide

Recommendations
See ***20100708 NCPDP Recommendations for Plan ID***
document for detailed information of testimony

Industry Involvement

- **Industry should be involved in the decision as to who should receive a Plan ID**
  - The industry must provide input **during the analysis phase** of the ID creation.
    - Misinformation exists – the intent, the size, what was proposed years ago, what criteria is to be met
    - We need everyone on the same page, together.
    - Sectors were not involved in NPI, and enumeration problems occurred.
    - Existing benefit structures should be analyzed for each sector of the industry. This analysis must be completed before the level of enumeration is determined.
    - The pharmacy industry will provide examples of Health Plan structures they commonly use/see.

One ID Cannot Handle All Needs

- **Industry should be involved in the decision as to who should receive a Plan ID**
  - The Health Plan ID should not have buried intelligence or schema (it should not be a "smart" ID).
    - Smart identifiers inherently have problems with longevity.
  - The ID should be constructed at a level high enough to inform, and not too specific which may cause confusion.
  - Trying to differentiate the different requirements of benefit programs, coverage, etc… at too low of a level and include in an identifier will place even further confusion on the exchange.
    - This could result in more rejects when the ID is "not exactly correct" due to too low of granularity.

BIN/IIN and PCN for Routing

- **The Health Plan ID must not be used for routing in pharmacy transactions**
  - The existing BIN/IIN and PCN must continue to be used for routing.
  - Standard of 6-digit Bank ID Number (BIN) or Industry Identification Number (IIN)* has been in use for 25 years.
    - Origins in credit card industry
    - *Billions of transactions affected*
    - *The methodology works*
  - Processor Control Number (PCN) is used when needed to further define benefits and routing.
  - Use of BIN/IIN and PCN has further impact….

  *Assigned by ANSI or NCPDP

BIN/IIN and PCN for Routing

- **Used in standard exchange of information**
  - Industry standard templates for submission requirements called "payer sheets".
    - Created by processors to define transaction processing requirements for different lines of business requirements and plans they support.
  - Payer sheets are distributed to pharmacy providers and clearinghouses.
  - Pharmacy announcements from payers, processors and PBMs in advance of a business rule or routing change.
    - Provides early notice to the pharmacies to change submission and/or routing information prior to the patient providing a prescription.
  - These communications between entities cite the BIN/IIN (and PCN when needed) to identify
    - Who will be processing the transaction
    - Where to route the transaction
    - What rules are expected to be applied during transaction processing.

BIN/IIN and PCN for Routing

- **Used in other standards or processing functions**
  - Downstream effects would be felt in transactions that utilize common elements of the Telecommunication Standard.
    - Information Reporting functionality for COB reporting required by Medicare for True Out of Pocket (TrOOP) updates
    - Financial Information Reporting transactions reporting benefit accumulations between Medicare plans for transferring Medicare beneficiaries
    - Post Adjudication reporting
    - Rebate processing, etc…

Standard ID Cards

- **Use of the Standard ID Cards**
  - The successful routing of transactions requires that the routing information must be contained on the ID Card.
  - Use of the industry implementation guides
    - NCPDP *Health Care Identification Card Pharmacy and/or Combination ID Card Implementation Guide*
      - Contains standardized card format presentation
      - Contains important identification usage
      - See the NCPDP *Pharmacy ID Card Fact Sheet* included.
    - WEDI *Health Insurance ID Card Implementation Guide*
  - ID card implementation guides should be included in the regulation referencing routing functions.
  - Whenever the routing requirements change new ID cards must be issued to provide the new information.

If accurate information cannot be supplied to the provider for routing, administrative simplification cannot be obtained.

Payer Identification in COB

- **Use of BIN/IIN and PCN or Plan ID for Payer Identification in Coordination of Benefits (COB)**
  - In place of the proprietary Plan ID coding schemes that exists today processors should be **required** to use BIN/IIN and PCN **or** Plan ID when identifying other payers.
  - This typically happens in state Medicaid programs, where each state has their own proprietary identifier for the same payer. The use of the Health Plan ID would provide a consistent identifier across states.

  If some entities do not follow the process the administration will become more complicated.

Enumeration and Payment

- **Enumeration of Entity Who Issues the Payment**
    - The X12 835 5010 requires the reporting of the National Plan ID in the payer identification field.
    - In the pharmacy industry, the payer identification field contains the entity who issues the payment (check stock or bank account owner).
    - It is a common practice for a PBM or Administrator to issue the check to a pharmacy on behalf of the plan(s) for which it processes claims.
    - The industry recommends consideration of the need for the processor or the administrator that the processor supports as needing to obtain a Plan/Payer ID for this purpose.

Health Plan Database

- Representatives of all sectors of the industry must be involved in the design discussion.
- Secure
  - Access to the information should be restricted to entities that are deemed appropriate to have access but not so restrictive to impede timely claims submission, payment, and other transaction processing.
- A complete process for updating the data and the party responsible for the updates must be clearly defined.
  - If necessary, penalties should be assessed if responsible parties do not make updates in a timely manner.
- Interactively accessible and provide robust look up capabilities.
  - BIN/IIN and PCN identifiers should be included with other relevant routing information.
- 24/7 access to the database
  - Must support the needs of around the clock real-time transaction processing in place today.
- Redundancy provisions in the event of failure.

Thank You

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