



**NCPDP Testimony to NCVHS  
Session A1: Proposals for a National Health Plan Identifier  
July 19, 2010**

**Should the National Health Plan ID Be Used For Routing of Pharmacy Transactions?**

NCPDP recommends that Plan ID must not be used for routing of pharmacy transactions. The pharmacy industry has successfully used a 6-digit Bank Identification Number/Issuer Identification Number (BIN/IIN) for routing for 25 years, with origins in the credit card industry. This method of routing allows claims to be adjudicated and responded to within seconds. The pharmacy industry processed in real-time close to 4 billion prescription claims in 2009 representing almost \$220B. The industry is on track to process an estimated 4.1 billion in 2010.

The BIN/IINs are either assigned by ANSI or NCPDP<sup>1</sup>. An entity may have more than one BIN/IIN, depending on their business needs.

Some examples of BIN/IIN:

Medco Health Services	610014
New Jersey Medicaid	610515
Argus Health Systems	600428
Express Scripts	003858
Caremark	004336
MedImpact	003585

For more specific information on how routing works using these assigned IDs see [http://www.ansi.org/other\\_services/registration\\_programs/iin\\_registration.aspx?menuid=10](http://www.ansi.org/other_services/registration_programs/iin_registration.aspx?menuid=10) or <http://www.binbase.com/csv.php?module=a1>.

The Processor Control Number (PCN) is an identifier of up to 10 characters that is frequently assigned by processors to further assist in proper routing and establish benefit separation. For example, Medicare Part D Coordination of Benefits (COB) has special processing requirements so many processors have created PCNs to further differentiate the Part D COB business.

Examples of PCN that are used at a processor level:

Medco Health Services	MEDDPRIME	Identifies Medicare Part D primary claims
Medco Health Services	MEDDCOPAY	Identifies secondary claims to Medicare Part D with a certain type of COB benefit
New Jersey Medicaid	SUPPNJ	Identifies NJ Medicaid supplemental plan to Medicare Part D
Argus Health Systems	01920000	Blue Shield of California
Express Scripts	SC	Identifies secondary claims to Medicare Part D with a certain type of COB benefit
Caremark	ADV	Identifies primary claims
MedImpact	56862	Community Health Group – Part D

A BIN/IIN and PCN (when needed) are programmed into the pharmacy's software and identify the route for processing the transaction.

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<sup>1</sup> Please refer to BIN background information previously provided by NCPDP.

A BIN/IIN and PCN are included on prescription drug identification cards, payer sheets, and are provided in pharmacy announcements.

The pharmacy industry, including Medicare Part D Health Plans follows the requirements of the NCPDP **Health Care Identification Card Pharmacy and/or Combination ID Card Implementation Guide**. This guide has been adopted by more than 30 states and referenced directly or indirectly in their regulations. The implementation guide contains standardized card format presentation and identification use. See the NCPDP **Pharmacy ID Card Fact Sheet** included in this packet.

Industry standard templates for submission requirements called “payer sheets” are created by processors to define transaction processing requirements for different lines of business requirements and plans they support. The payer sheets are distributed to pharmacies and clearinghouses.

Pharmacy announcements are usually sent by payers, processors and PBMs in advance of a business rule or routing change which provides early notice to the pharmacies and allows them to change submission and/or routing information in their system prior to the patient providing a prescription. (The patient may also provide their new ID card.)

All of these communications between payer, processor or PBM and the pharmacy reference BIN/IIN (and PCN when needed) for programming or registration into the pharmacy system to identify who will be processing the transaction, where to route the transactions and what rules are expected to be applied during transaction processing.

#### **National Health Plan Identifier for Payer Identification in COB**

The pharmacy industry could benefit from plan identifiers in coordination of benefits scenarios. Currently there are situations where the claim is sent to Payer X, but should be processed by Payer B. Payer X responds with an identifier for Payer B that in many cases is proprietary. The Provider must manually access a website or payer list to determine who is linked to this proprietary identifier. This typically happens in state Medicaid programs, where each state has their own proprietary identifier for the same payer. In this case, the Medicaid payer (Payer X) returns this ID (Payer B) on the rejected claim response, and expects the ID of Payer B in the COB claim. The use of the Health Plan ID would provide a consistent identifier across states.

#### **Negative Impact to Current Routing If Plan ID Required**

If the pharmacy industry is required to move from their current identification of routing via BIN/IIN and PCN to a Plan ID we expect this to be a **very costly venture** for pharmacies, software vendors, plans such as Medicare Part D, switches, clearinghouses, processors and Pharmacy Benefit Managers (PBMs). It is important to note that in addition to claim transactions submitted by pharmacies, a BIN/IIN and PCN combination is used for financial transactions required by Medicare Part D to maintain accurate TrOOP balances for Medicare beneficiaries.

Beyond the development costs to support using Plan ID for routing, all prescription-only and combination medical and prescription ID cards which are currently in use would have to be reissued. The reissuance of cards includes every card that has been issued to every individual that holds a pharmacy benefit card and that includes all of the Medicare Part D beneficiaries. CMS has recently issued guidance that requires all payers to create unique combinations of BIN/IIN and PCN values to assist with proper routing and matching of Medicare Part D claim transactions. Requiring the pharmacy industry to change to a different identifier for routing would cause disruption to beneficiaries with no foreseen benefit at the same time as the CMS mandated changes are being made.

Transaction routing by only a Plan ID from a standards perspective would require the Plan ID be added to the header segment of the NCPDP Telecommunication Standard. Changing the important header segment and revising the routing requirements of all transactions would require a new version of the Standard to be approved and published. This would require a new round of regulations for modifications to the HIPAA transaction standards rule. The new version of the Telecommunication Standard would

require the pharmacy industry to transition to a new standard following the current requirement to use the NCPDP Telecom D.0 standard beginning 01/01/2012. The pharmacy industry is already well underway in phases of development and has begun to test the Telecom D.0 standard. If a requirement was brought forward to change the HIPAA pharmacy standard version the required implementation date of 01/01/2012 would be difficult to attain. We believe this would cause major disruption to the pharmacy industry.

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...

## **Recommendations**

**Industry should be involved in the decision as to who should receive a Plan ID** - Trying to create a unique plan ID for Health Plans is complicated. It is recommended the industry provide input during the analysis phase of the ID creation. 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 see/use.

**One ID cannot handle everything (routing, benefit programs, coverage, etc)** – 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. 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. The ID should be constructed at a level high enough to inform, and not too specific which may cause confusion.

**BIN/IIN and PCN for Routing** – The Health Plan ID should not be used for routing in pharmacy transactions. The existing BIN/IIN and PCN must continue to be used for routing.

**Use of the Standard ID Cards** – NCPDP recommends that successful routing of transactions requires that routing information must be contained on the ID Card. NCPDP, INCITS and WEDI should be engaged to update the applicable standards and implementation guides, if needed. ID card standards 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.

**Use of BIN/IIN and PCN or Plan ID for Payer Identification in COB** – NCPDP recommends that in place of the proprietary Plan ID coding schemes that exist today, processors should be **required** to use BIN/IIN and PCN **or** Plan ID when identifying other payers. If some entities do not follow the process administration of benefits will become more complicated with the assignment of Plan IDs.

**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 Recommendations** - NCPDP also offers the following recommendations.

- Representatives of all sectors of the industry must be involved in the design discussion so all needs are addressed. Again, examples of benefit structure and routing needs should be reviewed to ensure the design will satisfy the requirements of the file.
  - BIN/IIN and PCN identifiers should be contained in the database along with other relevant routing information.
  - Relevant demographic and contact information must be present.
  - The NCPDP Strategic National Implementation Process (SNIP) Committee stands ready to assist in this process.
- A complete process for updating the information 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.
- The database must be 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.
- The database should be interactively accessible and provide robust look up capabilities.
- Access to the database must guarantee 24/7 high availability with provisions for redundancy in the event of failure to support the needs of around the clock real-time transaction processing currently in place in the industry.

*Thank you for the opportunity to provide testimony on this subject.*  
NCPDP Strategic National Implementation Process (SNIP) Committee