June 13, 2016

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Dear Committee Chair Suarez:

The National Council for Prescription Drug Programs (NCPDP) is a not-for-profit American National Standards Institute (ANSI)-accredited Standards Development Organization (SDO) consisting of nearly 1600 members who represent drug manufacturers, chain and independent pharmacies, drug wholesalers, insurers, mail order prescription drug companies, claims processors, pharmacy benefit managers, physician services organizations, prescription drug providers, software vendors, telecommunication vendors, industry professional societies, service organizations, government agencies, and other parties interested in electronic standardization within the pharmacy services sector of the healthcare industry.

NCPDP reviewed the purpose and objectives for the Hearing on Claims-based Databases for Policy Development and Evaluation. NCPDP provides the following information for the Claim-based Database Standards Issues and Opportunities Objective - Review current formats in use and future opportunities to standardize reporting formats across states (X12, NCPDP, others).

In September 2011, NCPDP published the initial NCPDP *Uniform Healthcare Payer Data Standard*. Additional versions of the standard were published in 2013 and 2014. The goal of this standard is to support the development of a common format for pharmacy claim data, which is used to meet the needs of the pharmacy industry to support the reporting requirements of claim data to states or their designees. The implementation of this standard will provide administrative efficiencies and allow for an industry standard to be used for all entities sharing historical health care data.

The standard consists of one file containing reporting records with either encrypted or unencrypted data. The choice of encryption is also determined by the State or between trading partners. The file supports data elements which may or may not be encrypted. The file itself may be encrypted. The standard does not dictate the method of file encryption. Data elements must be available either through the claims processing environment or from plan files for it to be sent. Data that does not exist cannot be requested to be sent in this standard.

Entities will use this standard to share pharmacy claim data. The data is used to support one or more of the following functions:

1. Statistical reporting - A State or State Agent may integrate this data with existing health care information in order to provide historical statistical analysis or trending or may use this data to monitor trends in use and cost of prescribing practices.
2. Evaluate Health Care – A State or State Agent may integrate the pharmacy data with their medical data to review treatments and outcomes.
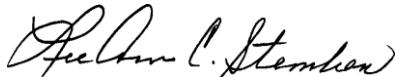
3. Governmental reporting - The collection of the data will be used for reporting purposes by local, state, and federal agencies that monitor trends in use and cost of prescribing practices, as well as other purposes or as defined in statute.

The structure of the NCPDP *Uniform Healthcare Payer Data Standard* was created from an existing state file exchange that was in place or in pilot in a few states (Maine, Massachusetts, New Hampshire and Vermont) when the request to create a standard was brought forward to NCPDP. Participants in the state programs and the All-Payer Claims Database (APCD) Council worked with NCPDP members to modify the existing state file to some extent based on enhancements during analysis of the initial exchange, and to correct references to incorrect pharmacy claims processing data elements.

Thank you for your consideration of our input.

For direct inquiries or questions related to this letter, please contact
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Sincerely,

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cc: NCPDP Board of Trustees