

THE SECRETARY OF HEALTH AND HUMAN SERVICES

WASHINGTON, D.C. 20201



MAY29 2001

John Lumpkin, M.D., M.P.H.
Chair, National Committee on Vital and Health Statistics
6525 Belcrest Road
Room 1100
Hyattsville, MD 20782

Dear Dr. Lumpkin:

Thank you for your letter offering comments and recommendations from the National Committee on Vital and Health Statistics (NCVHS) regarding implementation of National Drug Codes (NDCs) to report drugs and biologics on institutional and professional claims.

Your recommendation to modify the standard (section 162.1002(c) in the Final Rule on Standards for Electronic Transactions) would retract the adoption of NDCs as the standard medical data code set for reporting drugs and biologics for certain standard transactions. This responds to industry problems with transitioning from the use of Health Care Financing Administration (HCFA) Common Procedure Coding System codes to NDCs for reporting drugs and biologics. These problems were initially presented by representatives from the health care industry at the NCVHS public hearings on February 1, 2001.

We reviewed the testimony from the hearings and agree that the providers, health plans, and health care clearinghouses in attendance raised a number of compelling concerns regarding implementation of the NDC. We intend to pursue your recommendation by publishing a notice of proposed rulemaking. We expect to do this in the near future, so we can resolve the issues before substantial work by the industry to convert to NDCs is underway. HCFA also recognizes the need to develop specific criteria for evaluating drug coding systems in conjunction with further evaluation of existing code sets, and we would appreciate input from the NCVHS for coordinating efforts with other agencies and representatives from the health care industry.

Page 2 .John Lumpkin, M.D., M.P.H.

We appreciate the information about industry concerns with implementing the Health Insurance Portability and Accountability Act medical code set standards and look forward to working with you on these issues.

Please feel free to call me if you have questions or concerns.

Sincerely,

/s/

Tommy G. Thompson