

**NCVHS Standards Subcommittee Hearing
March 26, 2018**

Testimony of: Gary Schoettmer, R.Ph
CEO, NetRx LLC
Co-Chair, NCPDP LTPAC Work Group
Chair, ASCP Government Affairs Committee

Good morning, my name is Gary Schoettmer. I am a pharmacist, and have been involved in long-term care (LTC) pharmacy for over 35 years. I am currently the CEO of NetRx, LLC. NetRx is a network of over 70 independently owned long-term care pharmacies located across the United States. We focus on group purchasing opportunities, pharmacy automation, operational management, and LTC pharmacy advocacy at both the federal and state levels. In addition, I serve as a co-chair of the NCPDP Long-Term and Post-Acute Care Work Group, and as the chair of the American Society of Consultant Pharmacists' Government Affairs Committee.

I would like to thank the subcommittee for the opportunity to testify at this hearing.

My remarks will be primarily focused on some changes that will occur with a transition to the F2 telecom standard, and the impact of those changes on the dispensing pharmacy, and more specifically on a LTC pharmacy. LTC pharmacy has some unique dispensing practices, such as short-cycle dispensing or remote automated dispensing. Utilization of these dispensing practices then creates the need for billing processes that accommodate the methods by which the medications are dispensed. The F2 version of the telecom standard has multiple enhancements to improve the efficiency of the LTC pharmacy claim billing process. These include changes to better communicate a resident's coverage status to the pharmacy, allowing for more accurate billing with fewer rejected claims. They also include changes that allow the LTC pharmacy to better communicate to the claims processor, within an online claim, the specifics on how a particular medication has been dispensed, and what dispensings are included in that particular claim.

Eligibility Verification Transaction (E1)

Obtaining a LTC resident's drug coverage information is often times difficult for LTC pharmacies. As compared to many other pharmacy practice settings, we do not have a patient with "benefit card in hand" at the site of dispensing. Instead, we are heavily reliant on the Eligibility Verification Transaction. This is particularly true with new admissions and at the beginning of the Medicare Part D benefit year.

During open enrollment, a resident's family may opt to change the resident's Part D Plan, but this is often never communicated to the pharmacy.

The E1 response has a new segment in version F2 that communicates other benefit detail. This new segment supports CMS' enhancements to the eligibility data being provided to the Transaction Facilitator for Medicare Part D beneficiaries. It also supports commercial insurance benefits and has built in flexibility to support future benefit details. Data elements include information about Low Income Subsidy (LIS), End-Stage Renal Disease (ESRD) coverage, hospice coverage, and other coverages. Having this other coverage detail available as part of the E1 response will improve the efficiency within LTC pharmacy billing departments.

LTPAC Dispense Frequency Field

The F2 claim has a new field called "LTPAC Dispense Frequency." This field contains a code indicating the frequency of dispensing for the medication being billed. This information is currently being placed in the Submission Clarification Code field of a D.0 claim, not because it is the right place for it, but because it could be put there and still maintain HIPAA compliance. This information is required on short cycle eligible claims to meet CMS reporting requirements. Examples include codes to represent "every 14 days", "every 7 days", "every day", "per med pass", and others.

LTPAC Billing Methodology Field

The F2 claim has a new field called "LTPAC Billing Methodology." This field contains a code indicating the billing methodology used for the claim. Codes exist for the following methodologies:

- Full quantity dispensed on date of service.
- Post-consumption where date of service represents date of earliest dispensing. One or more dispensings make up the total quantity on the claim and the total quantity on the claim has been dispensed.
- Pre-consumption where date of service represents date of earliest dispensing. One or more dispensings make up the total quantity on the claim, but all dispensings that make up the total quantity on the claim have not yet occurred.

This field allows the pharmacy to provide additional clarity to the claims processor. This is particularly useful when the pharmacy is billing on a cycle that is different than the dispensing cycle.

Number Of LTPAC Dispensing Events Field

The F2 claim has a new field called "Number Of LTPAC Dispensing Events." This field contains a value indicating the number of times pharmacy dispensed product

or service for the claim period requested. In other words, for a LTC pharmacy, this would indicate the number of product dispensings that occurred to generate the quantity of medication being billed. This provides the claim processor with additional clarity, particularly for purposes of determining the dispensing fee to be paid.

Use of Quantity Prescribed Field

Transition to version F2 of the telecom standard would provide a solution to a long-standing problem related to partial fills of prescriptions for schedule II controlled substances. The current claim format (D.0) has no way to distinguish a partial fill from a refill. This, combined with the fact that schedule II controlled substance prescriptions cannot be *refilled*, but under limited circumstances can be *partially filled*, has created a problem. In September 2012, HHS' OIG issued a report stating that "Medicare Part D inappropriately paid \$25 million for Schedule II drugs billed as refills in 2009" and that "three-quarters of Part D sponsors paid for Schedule II drugs billed as refills." The OIG report further states that 75% of the schedule II refills originated from LTC pharmacies, and that "CMS should use this information to develop guidance to sponsors to prevent Schedule II refills and to ensure accurate billing of partial fills." To date this problem continues. Use of the F2 telecom standard would provide a fix, allowing for the distinction between refills and partial fills.

Summary

For the reasons that I have mentioned, along with reasons previously articulated by others, it is my request that the NCVHS Standards Subcommittee recommend a transition to version F2 of the NCPDP Telecom Standard. And again, thank you for this opportunity to share my thoughts and concerns.