

Statement To
DEPARTMENT OF HEALTH AND HUMAN SERVICES NATIONAL
COMMITTEE ON VITAL AND HEALTH STATISTICS
SUBCOMMITTEE ON STANDARDS

March 26, 2018

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Members of the Subcommittee, I am Kathy Knapp, Manager for Regulatory Compliance with DST Pharmacy Solutions. I would like to thank you for the opportunity to present testimony today concerning the adoption of the NCPDP Telecommunication Standard version F2 and the corresponding Batch Standard version 15. The new versions of the Telecommunication and Batch Standards are being requested to be named as a part of the Transactions and Code Sets Rule for HIPAA.

DST Pharmacy Solutions, formerly known as Argus Health Systems, is a leading provider of healthcare information management services supporting commercial, Medicaid and Medicare Part D. We provide services to a wide range of clients, including managed care organizations, pharmacy benefit managers and pharmaceutical manufacturers. DST Pharmacy Solutions is part of the DST Healthcare companies, serving over 50 million covered lives and processing more than one billion pharmacy claims annually. The responses below represent our perspective on adoption of the NCPDP Telecommunication Standard version F2 and the corresponding Batch Standard version 15 as a healthcare information management services provider and as a member of the group identified by NCPDP as “processors”.

1. What are the anticipated changes to the administrative, technical, business, operational, or workflow processes when the new standard becomes mandatory for use?

The anticipated impact on administrative processes will include coordination with pharmacies, health plans, and vendors for certification and testing. Technical changes will include database changes, claims processing logic changes, and health plan reporting changes. Operational process flows used when structuring benefits and to adopt use of the enhanced claim response fields are also potential impacts.

2. What are the anticipated benefits to business, operational or workflow processes of implementing this new version of the pharmacy standard?

The ultimate goal of administrative simplification was to improve the accuracy, efficiency and cost of all transactions. The proactive expansion of the telecommunications standards for the pharmacy industry is a necessary part of that cycle. While within the healthcare industry there are many competing priorities, the adoption of the F2 standard enhances the ability of DST Pharmacy Solutions to meet the additional needs of our clients. The expanded standards will enhance the

quality of data collection used to address systemic healthcare problems, such as the opioid crisis currently plaguing our nation.

DST Pharmacy Solutions identified those benefits we consider most impactful to stakeholders with the adoption of the new standards:

- Identification of payer types will prevent government program beneficiaries from accessing pharmaceutical manufacturer copay coupons for drugs paid under those programs, including Part D.
- Expanded Product/Service ID field length within the standard will support the use of UDI (Unique Device Identifier) as required by the FDA for diabetic testing supplies and other Class 1 and 2 medical supplies dispensed by retail pharmacies.
- Coordination of Benefits (COB) enhancements, specifically the ability to specify plan types, will aid in enforcement of the processing order with Medicaid as the payer of last resort
- Refined patient payment fields will enable more appropriate handling of sales tax, such as allowing Medicaid plans to exclude sales tax.
- Pharmacy Response information expansion will allow payers and processors to provide more detailed/actionable information that pharmacists could use to avoid prior authorization interruptions.
- Optional data such as formulary alternatives and next fill requirements available in the pharmacy response support greater transparency between payer/processor and pharmacies. Opioid/controlled substance processing is enhanced by providing pharmacies with the quantity dispensed, prescribed and remaining on each script.

3. What are the anticipated barriers to implementing the new version of the pharmacy standard?

The primary barrier will be the readiness of all stakeholders to adopt the new standard at the same time. The Committee can proactively address this by enforcing an adequate implementation schedule that meets the needs of all stakeholders. DST Pharmacy Solutions recommends that NCVHS apply the timeline developed by the NCPDP Strategic National Implementation Plan (SNIP) committee.

4. What if anything, would be difficult about implementing version F2 for small pharmacies? What about the new version would be difficult for small pharmacies to adjust to?

DST Pharmacy Solutions does not have an opinion as to the difficulties that may be faced by a small pharmacy.

5. The HIPAA statute provides for a two year implementation window for health plans and providers after publication of a final rule.

Is this time frame sufficient for your industry sector?

DST Pharmacy Solutions believes that we must apply what was learned from past transaction standard version adoptions to ensure the best outcome of implementing the latest version of the telecommunication standards. Based on very real scenarios experienced by stakeholders with the last HIPAA standards change, the two year timeframe for implementation does not appear to be feasible. Implementation of new versions of the standards requires significant planning, development and internal and trading partner testing prior to full industry cut over. In order to ensure that industry stakeholders are aligned with the F2 implementation, DST Pharmacy Solutions recommends that NCVHS apply the timeline developed by the NCPDP Strategic National Implementation Plan (SNIP) committee.

Does the pharmacy industry want or need an overlap of the current and new standards?

Yes. It will be critical to develop an implementation model for the new standards that allows for an overlap. The industry must assess risk and plan for appropriate business contingencies should all stakeholders not be ready at the same time. The Committee must be aware that in an implementation such as this, stakeholders may be at different levels of implementation readiness. The overlapping use of old and new standards for a defined period of time can help alleviate disruption during the implementation period.

Thinking about the changes in health care, is there an ideal time frame for the adoption of new versions of standards, and of their implementation?

DST Pharmacy Solutions supports the implementation of a new version of standards in the second or third quarter of a calendar year. The Committee should be mindful that there are many competing priorities within the healthcare sector during the first and fourth quarters.

- 6. Which industry stakeholders are impacted by implementing a new version of this pharmacy standard? Can you offer a verbal or pictorial description of the flow of the transaction, e.g. prescribers, health plans (including self-funded health plans and Flexible Spending Accounts if relevant), pharmacy benefit managers, pharmacies, pharmacy management programs, and other parties?**

The industry stakeholders impacted by a new transaction standard, as identified by DST Pharmacy Solutions, include: pharmacies, payers, patients/members, pharmacy benefit managers, claims processors, network switches, software vendors and NCPDP.

- 7. Please provide evidentiary information (qualitative or quantitative) to support the need for a recommendation to adopt version F2 at this time. If you wish to send this under separate cover because it is proprietary, that is acceptable. Should NCVHS render an affirmative recommendation to the Secretary, cost benefit data will be necessary for the regulatory process to move forward by HHS in accordance with requirements of the Office of Management and Budget.**

DST Pharmacy Solutions has not developed any qualitative or quantitative metrics to support the adoption of version F2 at this time.

- 8. What are the costs involved in implementing a new version of a standard, and by whom and to whom are they paid? For example, hardware system and software upgrades, vendor fees, real time or batch transaction fees, processing fees, clearinghouse or PBM charges, etc. Do these costs place burdens on any individual stakeholder group?**

DST Pharmacy Solutions has not quantified the total cost associated with the implementation of the F2 version of the transaction standard. However, based on similar projects, we have estimated the IT Development effort, alone, to be 23,000 man hours. It is our perspective, therefore, that the burden is substantial for the processor stakeholders, such as DST Pharmacy Solutions. We do not have an opinion as to the cost burden of others.

- 9. What are the patient service and care impacts to implementing version F2? For example, are there patient service and care impacts version F2 will solve/resolve, or are there potential service issues the new standard could create?**

Version F2 is expected to improve pharmacy/patient communications by providing additional, more specific, actionable claim response information to pharmacies.

- 10. What are the consequences to industry if NCVHS does not recommend adoption of Version F2 to the Secretary?**

The pharmacy industry will be unable to adequately support FDA requirements for diabetic testing supplies and other Class 1 and 2 medical supplies dispensed by retail pharmacies without modifications to field sizes.

It is more difficult to offer solutions that help in the fight against systemic issues such as opioid abuse and rising healthcare costs without capturing the appropriate data at the time of dispensing.

The potential benefits mentioned in question #2 would not be realized without adoption of Version F2.

- 11. Is there any opposition to the upgrade to Version F2?**

DST Pharmacy Solutions does not oppose the upgrade to Version F2.

- 12. What is the burden reduction to your stakeholder group for use of Version F2?**

Adoption of Version F2 reduces the burden to our stakeholder group by:

- a. Enhancing information exchange with the pharmacy.
- b. Enabling enhanced data collection resulting in better analytics for us and our clients.
- c. Improving patient communications by providing additional response information to the pharmacy, thereby reducing the need to call our pharmacy call center for support.

Questions related to both standards:

- 1. Is there anything else you deem relevant, important and appropriate to inform the committee and HHS about adoption and implementation for each of these standards?**

DST Pharmacy Solutions has no additional comments at this time.

- 2. What testing has been done of the standards to demonstrate that they are ready for use?**

DST Pharmacy Solutions has not tested Version F2.