

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 Colleen Palmer, Product Manager for the Government Programs Office with DST Pharmacy Solutions. Thank you the opportunity to present testimony today concerning the adoption of the Subrogation Implementation Guide for Batch Standard Version 10. The new version is requested to be part of the Transactions and Code Sets Rule for HIPAA.

The current standard is limited to the subrogation of Medicaid claims. The process used for subrogation of non-Medicaid claims differs by payer.. The new standard expands the use and increases interoperability by making subrogation available for use by other payer types, including Medicare Part D plans and commercial payers, in addition to Medicaid.

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 Subrogation Implementation Guide for Batch Standard Version 10 as a healthcare information management services provider and as a member of the group identified by NCPDP as “processors”.

## *Questions for Subrogation*

**1. The Subrogation Implementation Guide addresses the industry need to standardize the exchange of claim information between payers. How is this activity being handled today?**

Subrogation activity varies by payer type. Medicaid claims are primarily submitted to DST Pharmacy Solutions using the current NCPDP Medicaid Subrogation batch standard and are processed using a batch Electronic Claim Transmission (ECT) method. Medicare Part D and commercial payer claims are submitted through Universal Claims Form (UCF) (i.e., paper claims) and require manual processing.

**2. By adding the subrogation standard to the broader public sector payer community, who benefits? Who is at a disadvantage?**

DST Pharmacy Solutions does not have an opinion on the impact or disadvantages to the payer community.

**3. By adding the subrogation standard, what challenges can be anticipated in business and operational workflows?**

We expect the challenges to differ between payers currently using the Medicaid Subrogation Standard to submit claims to DST Pharmacy Solutions, and those that are not. In order to process subrogation claims for payer types not using the current Standard, DST Pharmacy Solutions may need to create new workflows and enhance IT solutions.

**4. What system changes will be required to accommodate subrogation for payers?**

System impacts would include the processing of the additional data elements in the new standard, modifications to accept electronic submissions from additional subrogation payer types. It might also require changes to financial processing, such as payment routing to new entities.

**5. What type of education and orientation for use of the standard will be required, and which covered entities will be most in need of this education? Who are the best subject matter experts to provide the needed education if the standard is recommended and adopted?**

As with all new standards that have not been utilized by a stakeholder group, the implementation guides that accompany the actual standard are one of the greatest sources of information for the use of the standard itself. We must make sure as an industry that this material is user friendly and easily understandable by individuals with technical and operational roles in the organization.

The Subject Matter Experts for the Subrogation standard are expected to be the Pharmacy Benefit Managers and vendors that support the functionality today, along with NCPDP. NCPDP, as the DSMO supporting the standard, is one of the best sources the industry has for providing education on structure and use of the transaction itself.

**6. What are the financial impacts on industry by adopting the subrogation standard? In other words, what is the cost of implementing the standard for those who have not already done so? What are the typical hardware, software, vendor and/or clearinghouse costs for implementing subrogation?**

DST Pharmacy Solutions has not quantified the financial impacts associated with the adoption of the Subrogation Implementation Guide for Batch Standard Version 10.

**7. Has any preliminary testing been done through pilots, between other health plans, in preparation for this proposal?**

To DST Pharmacy Solutions' knowledge, there has been no pilot testing.

- 8. What are the financial benefits to the payers who adopt this new version of the standard? On average, what kind of savings can subrogation bring to a payer? Are these savings based on claim volume, enrollment, claim totals?**

DST Pharmacy Solutions does not have an opinion on the financial benefits to payers.

### ***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 further comment 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 the new Subrogation Implementation Guide for Batch Standard with other payer types beyond those supporting Medicaid.