DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Giese	10-27-11

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 11-184	[ ] Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR cc: Mr. Keck	[ ] Prepare reply for appropriate signature DATE DUE _____ [ ] FOIA DATE DUE _____ [X] Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

National Council for Prescription Drug Programs
NCPDP

October 25, 2011

Tony Keck, *Director*
State of South Carolina, Department of Health & Human Services
1801 Main Street, PO Box 8206
Columbia, SC 29201-8206

Re: Pharmacy program transition to NCPDP Telecommunication Standard vD.Ø

Dear Mr. Keck:

The National Council for Prescription Drug Programs (NCPDP) is reaching out to all State Medicaid agencies to address the implementation of coordination of benefit (COB) pharmacy claims processing as defined by the Health Insurance Portability and Accountability Act (HIPAA) named standards. The intent of this letter is to request the Medicaid plan review their coordination of benefits coverage and payment policies and planned NCPDP Telecommunication Standard vD.Ø implementation. The review should confirm the required financial balancing occurs as defined in the NCPDP Telecommunication Standard vD.Ø Implementation Guide. Version D.Ø allows for either the distinct patient responsbility amounts that make up the Patient Pay Amount or the Patient Pay Amount itself to be transmitted on the coordination of benefit claim. It is critical that when the Medicaid plan chooses to pay based on the patient responsibility amounts assigned by or remaining from a prior payer's payment determination, that the Medicaid coordination of benefit claim response adheres to the financial balancing rules. Any gaps in the adjudication process where your claims processor may not be able to adhere to these financial balancing rules may result in a point of service rejection and place patient care at risk.

As noted within the "*Specific Segment Discussion*" section 28.2.6.5.4.7 found on page 753 of the August 2Ø1Ø NCPDP Telecommunication Implementation Guide vD.Ø:

- If the COB payer is not paying all components of the prior Patient Responsibility Amounts, the unpaid components must be sent back for the patient to pay or the claim must be rejected.

Further clarification may be found in the vD.Ø Editorial guide in the "*Clarification of Net Amount Due in Coordination of Benefits*" section. The vD.Ø Editorial Guide is a supplement to the Telecommunication Implementation Guide vD.Ø which is recognized as part of the standard covered under HIPAA.

If the state chooses a COB method which requires the submission of the patient responsibility amounts, based on the benefit structure of the previous payer, multiple responsibility amounts may be reported. To assist you in your review process, the Other Payer-Patient Responsibility Amount Qualifier (351-NP) values currently available within the NCPDP External Code List are listed below.

CODE	DESCRIPTION
Blank	Not Specified
Ø1	Amount Applied to Periodic Deductible (517-FH) as reported by previous payer. The following dollar amount is the amount of the patient's responsibility applied to the patient's plan periodic deductible liability.
Ø2	Amount Attributed to Product Selection/Brand Drug (134-UK) as reported by previous payer.
Ø3	Amount Attributed to Sales Tax (523-FN) as reported by previous payer. A dollar value of the portion of the copay (as reported by previous payer) which the member is required to pay due to sales tax on the prescription.
Ø4	Amount Exceeding Periodic Benefit Maximum (52Ø-FK) as reported by previous payer. A dollar value of the portion of the copay which the member is required to pay due to a benefit cap/maximum being met or exceeded.
Ø5	Amount of Copay (518-FI) as reported by previous payer. Code indicating that the following

CODE	DESCRIPTION
	dollar amount is the amount of the patient responsibility applied to the patient's plan co-pay liability by another/previous payer.
Ø6	Patient Pay Amount (5Ø5-F5) as reported by previous payer. Used to indicate the provider is submitting the amount reported by a prior payer as the patient's responsibility.
Ø7	Amount of Coinsurance (572-4U) as reported by previous payer. Coinsurance is a form of cost sharing that holds the patient responsible for a dollar amount based on a percentage for each product/service received and regardless of the patient's current benefit status, product selection or network selection.
Ø8	Amount Attributed to Product Selection/Non-Preferred Formulary Selection (135-UM) as reported by previous payer
Ø9	Amount Attributed to Health Plan Assistance Amount (129-UD) as reported by previous payer
1Ø	Amount Attributed to Provider Network Selection (133-UJ) as reported by previous payer.
11	Amount Attributed to Product Selection/Brand Non-Preferred Formulary Selection (136-UN) as reported by previous payer.
12	Amount Attributed to Coverage Gap (137-UP) that was to be collected from the patient due to a coverage gap as reported by previous payer.
13	Amount Attributed to Processor Fee (571-NZ) as reported by previous payer.

NCPDP appreciates your attention to this issue and asks that you work with your pharmacy claim processor and/or technical team to address any potential concerns in advance of your NCPDP vD.Ø Implementation date. Your consideration of these issues may require changes to your published Payer Sheets. Delayed publication of new documents could make it difficult for pharmacies to implement the new directives prior to the January Ø1, 2Ø12 HIPAA compliance date.

NCPDP task groups encourage discussion from the various sectors of the pharmacy industry and would welcome your participation; it is not necessary to be an NCPDP member to participate. Please reference the following link for the task group meeting calendar (http://www.ncpdp.org/events.aspx).

NCPDP is a not-for-profit ANSI-accredited Standards Development Organization consisting of more than 1,6ØØ 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, service organizations, government agencies and other parties interested in electronic standardization within the pharmacy services sector of the health care industry.

NCPDP standards have been endorsed and nationally accepted throughout the healthcare industry for over 3Ø years beginning with a standard Universal Claim Form (UCF), which was the precursor to a real time, on-line electronic claims adjudication billing standard. NCPDP continues to be recognized as the leader in the development of industry standards for the pharmacy industry. More information may be found at www.ncpdp.org.

Thank you.

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

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Sincerely,

Lee Ann C. Stember

Lee Ann C. Stember
President
NCPDP

cc: State Medicaid Program Directors

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