



CENTER FOR BENEFICIARY CHOICES

MEMORANDUM

TO: All Part D Plan Sponsors

FROM: Abby L. Block, Director, Center for Beneficiary Choices

RE: Part D Claims Messaging Requirement

DATE: August 15, 2006

In a memorandum dated May 22, 2006, we specified that, effective July 2006, Part D plans would be required to implement new standardized procedures approved by the industry through the National Council for Prescription Drug Programs (NCPDP) that would use structured reject “coding” in the message field of the billing transaction response in order to provide clarification of the specific reason for rejection of a claim. This requirement was intended to stress our firm commitment to achieve consistent claims messaging systems, with the goal of minimizing administrative burden for pharmacies. We are pleased with reports from industry groups that the messaging standards or equivalent standards have been widely adopted by Part D plans.

The rapid adoption and use by Part D plan sponsors and their processors of standardized messaging procedures will enable plans to more effectively communicate with pharmacies and coordinate with other payers in real time. Further, by sending additional information to the pharmacy, payers can expedite resolution of questions concerning how to fill the prescription, as well as minimize resources utilized to answer phone calls and handle prior authorization processes.

In our draft 2007 Coordination of Benefits (COB) guidelines, we proposed a slight modification to our existing policy concerning plan adoption and use of new standardized claims messaging procedures. While our proposal continues to reflect our firm commitment to achieve consistent claims messaging systems, we also considered the need for reasonable flexibility on the part of Part D plans. Commenters on the draft 2007 guidelines supported the more flexible implementation approach that would achieve the messaging goals as reflected in our current policy but allow for some flexibility in their implementation, and strongly suggested that the more flexible policy proposed for 2007 be adopted for the remainder of 2006.

In response to the strong support for the proposed 2007 policy, and in order to further facilitate the rapid adoption of claims messaging, we are releasing new guidance that updates the policy memorandum of May 22, 2006. Accordingly, as of this date, the

following policy regarding plan implementation of new standardized claims messaging to support real-time COB will be effective:

Part D sponsors must promptly implement appropriate systems changes to achieve the goals of any additional new messaging approved by the industry through NCPDP to address clarifying information needed to adjudicate a Part D claim and appropriately coordinate benefits in real time. While CMS strongly encourages plan adoption and use of the standardized approach in the NCPDP guidance as issued in the 5.1 Editorial Document, until such time as alternative transactional coding is implemented in a new version of the HIPAA standard, plans may adopt alternative approaches that achieve the goals intended in the messaging guidance. In order to promote the use of best practices and assist beneficiaries, pharmacies and payers, CMS requires that Part D plans implement an appropriate strategy that achieves the goal of the industry consensus on messaging as expeditiously as practicable after a consensus has been reached and documented by NCPDP.

CMS will review the status of plan adoption of such messaging in order to ascertain the extent that plans are following best practices in serving Medicare beneficiaries.

If you have any comments or questions, please feel free to contact Deborah Larwood at (410) 786-9500, or your CMS account manager.