

DEPARTMENT OF HEALTH & HUMAN SERVICES
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CENTER FOR DRUG AND HEALTH PLAN CHOICE

Date: September 26, 2008

To: All Part D Plan Sponsors

From: Thomas Hutchinson
Director, Medicare Plan Payment Group

Subject: Upcoming Drug Data Processing System (DDPS) Changes

CMS will be implementing three changes to the DDPS and the Prescription Drug Event (PDE) data format in January 2009. These changes involve the addition of one new field on the submission file, the creation of a new value in an existing field, and the creation of a new field on the return file.

E-prescribing

The Department of Health and Human Services (HHS) and the Centers for Medicare & Medicaid Services (CMS) both encourage and support the utilization of electronic prescribing within the Part D program. CMS will begin collecting prescription-level data that demonstrates the frequency of electronic prescribing. Therefore, beginning with benefit year 2009, the Prescription Drug Event (PDE) record layout will include a new field to allow Part D plans to report the Prescription Origin Code.

Part D plans can report Prescription Origin Code on PDEs with any date of service. On PDEs with DOS prior to 2009, the Prescription Origin Code will be accepted, but will not be retained by CMS systems.

Part D plans can obtain the Prescription Origin Code via the NCPDP 5.1 optional field 419 DJ. Because this field is currently not widely utilized within the industry, this field will be optional in 2009 and will become a requirement in coverage year 2010.

The Prescription Origin Code will be found on the Detail (DET) record of the PDE file layout and the PDE Return File in Field 41, position 307. The five valid values for this field are:

- 0 = Not Specified
- 1 = Written
- 2 = Telephone
- 3 = Electronic
- 4 = Facsimile

Blank is also an allowed value.

The Drug Data Processing System (DDPS) will begin editing this field in 2009. Edit 648 will reject any PDEs that do not have blank or an accepted value in this field:

 Edit 648 - The Prescription Origin Code is invalid. Valid values are “blank”, “0”, “1”, “2”, “3”, and “4”.

CMS strongly recommends that Part D sponsors work with their network pharmacies to voluntarily begin using the NCPDP 5.1 optional field 419 DJ in 2009. CMS believes that the migration to electronic prescribing has the potential to significantly reduce medication errors due to handwriting or similar errors caused by a paper-based process.

For questions regarding this change, please contact Tara.Waters@cms.hhs.gov.

Coordination of Benefits

The PDE format contains a “non-standard format” field that allows plans to report how claims were received when the claim was not sent by a pharmacy using NCPDP format. The current non-standard format field does not have a value for coordination of benefits (COB), leading to numerous sponsor inquiries. Effective January 1, 2009, the non-standard format field will allow submission of a “C” for COB claims.

For questions regarding this change, please contact Bobbie.Knickman@cms.hhs.gov.

NDC Redesign

The National Drug Code (NDC) subsystem within the Drug Data Processing System (DDPS) has been redesigned to allow for greater flexibility, more user control over coverability determinations, and, when a drug fails a coverability edit, clearer reporting regarding the reason for non-coverability. The redesigned process is currently scheduled to go into production in mid-January 2009.

The primary change that plans will note is in the return file. CMS has eliminated most of the NDC edits, retaining only 735, 738, and 742. Edits 736, 737, 739, 740, and 741 will no longer be issued. The verbiage on these edits will now read:

Edit 735: “The NDC Code does not match a valid code on the NDC database.”

Edit 738: “The NDC identifies a Part D Non-coverable Drug.”

Edit 742: “If the amount in the Vaccine Administration Fee field is >0, then the NDC Code must qualify as a valid Part D vaccine.”

Edit 738 now applies to any NDC that rejects for coverability reasons (including DESI and Part B only). In addition, any PDE that receives the 738 error will be returned with the subcategory to which the NDC is assigned, which will clearly indicate the reason that CMS rejected the data. The subcategory will appear in a field labeled “Exclusion Reason Code”, a three character field that will appear in positions 498-500 of the Return File.

To support the editing, CMS will assign every drug to a subcategory that aligns with coverability rules within the Part D benefit. Each subcategory will have coverability status assigned to it and effective dates for each coverability status. Some subcategories (e.g., vaccines) will be coverable always. For vaccines that are not coverable for some other statutory exclusion (e.g., flu which is covered under Part B), DDPS will assign another subcategory that reflects this non-coverable status. Other subcategories will be non-coverable always (DESI drugs). Finally, some subcategories may be covered during certain periods and not covered during other periods.

Example: Benzodiazepines (subcategory 202) will be covered beginning in 2013. Subcategory 202 will carry a non-coverable status from January 1, 2006 through December 31, 2012, and a coverable status for January 1, 2013 and beyond. If DDPS receives a PDE with an NDC that is assigned to subcategory 202, and the date of service is prior to January 1, 2013, the PDE will receive a 738 and the return file will have that error code along with subcategory 202. If the date of service is on or after January 1, 2013, the PDE will not reject and no subcategory will be returned.

A draft list of subcategory codes is included with this note. The list of subcategories will change as required, and CMS will maintain an up-to-date list of subcategories at www.cssoperations.com. The updated return file format also appears on this website.

For questions regarding this change, please contact Merri-Ellen.James@cms.hhs.gov.