



February 22, 2011

RE: The Electronic Prescribing Adoption Act

Dear Distinguished Entities;

NCPDP is a not-for-profit ANSI-accredited Standards Development Organization consisting of more than 1,600 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 is the organization that has brought together stakeholders in electronic prescribing and electronic prior authorization. Because of industry need, electronic prescribing standards were created in the 1990s. Electronic prescribing is legal in all 50 states, due to industry working with federal and state agencies and Boards of Pharmacy. The industry uses the NCPDP standards for electronic prescribing functions, creating administrative efficiencies and interoperability between healthcare entities, improving patient care.

Electronic Prior Authorization Background

The Health Insurance Portability and Accountability Act (HIPAA) names the ASC X12 278 as the electronic transaction for medication prior authorization to be used by prescribers. In 2006 ePrescribing pilots were sponsored by the Centers for Medicare and Medicaid Services (CMS) and the Agency for Healthcare Research and Quality (AHRQ), pursuant to the Medicare Modernization Act (MMA), to test the use of the electronic prior authorization.

NCPDP convened a multi-Standards Development Organization (SDO) task group of many organizations interested in electronic prior authorization to provide transaction(s) within the requirements of HIPAA. The task group reviewed many prior authorization forms and worked to create the framework for an attachment to exchange prior authorization requirements between prescribers and payers. This was used in the pilot.

A finding of the 2006 MMA ePrescribing pilot was that the ASC X12 278 version 5010 prior authorization transaction (PA) created for service or procedure PA, was insufficient for drug PA. Workarounds were possible but not ideal because developers would be using fields for which they were not originally intended. The piloters tested a combination of the X12 278, X12 275 and the HL7 PA attachment (modeled after the claims attachment), and found them to be cumbersome and require redundant information. Piloters recommended the multi-standard solution be abandoned for one standard.

In 2008 an expert panel meeting was convened by AHRQ in conjunction with an NCPDP Work Group meeting. The objectives were to update the expert panel on the progress-to-date, including lessons learned of the pilots, and collaborate with expert panel on next steps for electronic prior authorization.

Recommendations by the Panel

- A real-time benefit check transaction be developed.

- The creation of a new, XML-based drug electronic prior authorization transaction based on the X12 278 by utilizing the experiences of the NCPDP Prior Authorization Task Group. The new transaction would be compatible with the real-time benefit check.
- Receive approval through the HIPAA Exceptions Process. As spelled out in §162.940 of the Transactions & Code Sets final rule, this involves:
 - Pilot testing under a detailed set of requirements
 - Must be supported by an ANSI-accredited SDO
 - Needs to prove less costly, improve efficiency and effectiveness and not impose additional administrative burden

Status Today

The real-time benefit check transaction has been developed. The XML-based drug electronic prior authorization transaction has been developed and has received approval through the HIPAA Exceptions Process. Both transactions are waiting industry participants to convene an industry-run pilot. NCPDP has posted the transaction information at http://www.ncdp.org/industry_outreach.aspx under “Prior Authorization Pilot Information”.

To date, NCPDP has tried to connect interested parties in the industry to work together to bring forward a pilot. Questions about the standards and process should be sent to NCPDP where we can facilitate discussion about a pilot of the electronic prior authorization transactions amongst interested stakeholders. Unless and until an industry pilot is performed on the proposed NCPDP standard, it is not ready for implementation by the industry, and therefore should not be regulated.

Other Concerns of Electronic Prescribing Adoption Act Topics

There are concerns in some of the proposed regulations, which would negatively impact electronic prescribing.

1. Proposed regulations that contain “no intermediary” language – this would kill or seriously harm the ability to perform electronic prescribing functions.
 - a. Essential for some entities is the use of intermediaries to handle connectivity requirements that would be costly to build and maintain for organizations, including smaller organizations.
 - b. This could be interpreted as having a negative impact on the three-way communication workflow among the prescriber, the pharmacy and the nursing facility or nursing centric entity in long-term care electronic prescribing environments.
2. Proposed regulations that include extensive requirements for electronic prior authorization for which there is no proven technical solution at this time.
 - a. Unless and until an industry pilot is performed on the proposed NCPDP standards, it is not ready for implementation by the industry, and therefore should not be regulated.
3. Proposed regulations that propose the development or use of state-level commissions/boards etc as standards development organizations.
 - a. American National Standards Institute (ANSI) accredited standards development organizations are the organizations that develop the national standards. Organizations, such as NCPDP bring together the stakeholders in the industry to build consensus-based standards.

For over 30 years NCPDP has been committed to furthering the electronic exchange of information between healthcare stakeholders. NCPDP Telecommunication Standard is the standard used for eligibility, claims processing, reporting, and other functions in the pharmacy services industry as named in HIPAA. The NCPDP SCRIPT Standard, Telecommunication Standard, and the Formulary and Benefit Standard are the standards in use in electronic prescribing as named in MMA, in Meaningful Use, and other federal and state regulations.

For further information from NCPDP, please contact:

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