



emdeon®

# **NCPDP D.0 HIPAA 5010**

*Frequently Asked Questions*

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## Frequently Asked Questions about NCPDP D.0 and HIPAA 5010 for Electronic Pharmacy Claims

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### 1. What is version D.0 of the NCPDP Transaction and Code Set Standards?

NCPDP Telecommunications Standard Version D.0 is an updated version of the HIPAA standard for pharmacy claims transactions. Prior to this update, three documents were used to specify the previous version of the standard: Standards, Implementation Guides, and Data Dictionary. Moving forward, the specification is contained in the Standard Implementation Guide and the associated version of the Data Dictionary. They also define the earliest version of the External Code List that should be implemented in conjunction with the Implementation Guide.

The current version of the pharmacy claim standard NCPDP is 5.1; the compliance date for NCPDP D.0 is January 1, 2012.

### 2. What is version 5010 of the X12 HIPAA Transaction and Code Set Standards?

HIPAA X12 Version 5010 is a new set of standards that regulate the electronic transmission of specific healthcare transactions, including eligibility, claim status, referrals, claims, and remittances. Covered entities, such as health plans, healthcare clearinghouses, and healthcare providers are required to conform to HIPAA 5010 standards.

The current transaction standard is the X12 Version 4010A1 for eligibility, claims status, referrals, claims, and remittances. Use of the 5010 version of the X12 standards and the NCPDP D.0 standard is required by federal law. The compliance date for the use of these updated standards is January 1, 2012.

### 3. Who will need to upgrade to NCPDP D.0 and HIPAA 5010?

All covered entities, including entities such as those listed below, are required to upgrade to using HIPAA 5010 standards; covered entities may use a clearinghouse to assist them in complying with the rules.

- Physicians
- Hospitals
- Payers
- Clearinghouses
- Pharmacies
- Dentist

Additionally, even though software vendors are not included in the list of covered entities, in order to support their customers they will need to upgrade their products to support HIPAA 5010 and NCPDP D.0.

### 4. What transactions were named in the Final Rule that apply to Pharmacy services?

- **Retail Pharmacy Claims** – NCPDP Telecommunication Standard Version D.0 and NCPDP Batch Standards Version 1.2
- **Retail Pharmacy Supplies and Professional Services** – NCPDP Telecommunication Standard Version D.0 and NCPDP Batch Standards Version 1.2 or ASC X12N Version 5010 837 Health Care Claim Professional\*

- **Medicaid Subrogation** – NCPDP Batch Standard Medicaid Subrogation Implementation Guide Version 3.0
- **Retail Pharmacy Eligibility** – NCPDP Telecommunication Standard Version D.0 and NCPDP Batch Standards Version 1.2
- **Retail Pharmacy Claims Coordination of Benefits (COB)** – NCPDP Telecommunication Standard Version D.0 and NCPDP Batch Standards Version 1.2
- **Retail Pharmacy Prior Authorization** – NCPDP Telecommunication Standard Version D.0 and NCPDP Batch Standards Version 1.2

\* Please note that, based on responses received from the industry during the review period, the regulations do not dictate the use of either NCPDP or X12 to bill for supplies or for professional services; rather, this decision has been left to the trading partners based on their agreements.

The NCPDP D.0 Telecommunication standard allows for many additional transaction types other than those named above, which are listed as part of the Final Rule. Business entities will need to determine if they support those types of services today and if they are required to support them as an electronic transaction. For details on these requirements, please refer to the Final Rule, which can be found at <http://edocket.access.gpo.gov/2009/pdf/E9-740.pdf>.

## 5. Where can I obtain the Technical Reports (Implementation Guides) and NCPDP documents?

The pharmacy industry utilizes certain transaction sets supported and maintained by ASC X12 as part of their processing that depends on trading partners. The Technical Reports (TR3 documents) and the associated addenda are available for purchase in the X12 Store located at <http://store.x12.org/>:

- **5010X222** – Health Care Claim Professional 837 (Emdeon does not support this transaction type as part of our pharmacy service offerings)
- **5010X221** – Health Care Claim Payment/Advice 835 (Emdeon supports and utilizes this transaction as part of our pharmacy service offerings)
- **5010X220** – Benefit Enrollment and Maintenance 834 (Emdeon does not support this transaction set as part of our pharmacy service offerings)
- **5010X279** – Health Care Eligibility Benefit Inquiry and Response 270/271 (Emdeon currently supports eligibility transactions utilizing the NCPDP format but does not support the X12 format as part of our pharmacy service offerings)

The NCPDP Telecommunication Implementation Guide Version D.0 and Batch Standard Implementation Guide Version 1.2 are available for purchase on the NCPDP Website: [http://www.ncdp.org/standards\\_purchase.aspx](http://www.ncdp.org/standards_purchase.aspx).

## 6. What are the major differences between NCPDP 5.1 and D.0?

There are changes across all of the transactions, some of which include

- The ability to support new-use cases brought forward by the industry;
- Clarification of usage to remove ambiguity;
- Consistency across transactions; and
- Removal of data content that is no longer used.

In NCPDP D.0, modifications to fields currently supported in NCPDP 5.1 include removal of certain fields, addition of four new segments, and changes to some field attributes currently used in NCPDP 5.1. A complete list of changes and discussions about the impacts of NCPDP D.0 can be found in supporting documentation from NCPDP: [Final Rule as it Relates to the Pharmacy](#)

Industry. Emdeon will also provide its customers with gap analysis documentation to assist in their review efforts.

There are three fields with attribute changes in NCPDP D.0 that may need close review. Changes to the length of these fields could impact current submitters of NCPDP 5.1, causing possible truncation of data, rejections, or system issues related to these reference numbers:

- **402-D2** – Prescription/Service Reference Number
- **456-En** – Associated Prescription/Service Reference Number
- **458-Se** – Procedure Modifier Code Count

## 7. Why was it necessary to upgrade to NCPDP D.0?

The upgrade was important for several reasons:

- Industry experience with implementing the standards listed in the first Final Rule for HIPAA uncovered some unanticipated issues and requirements as well as additional business needs; and
- NCPDP D.0 and Batch Standard Version 1.2 will be able to accommodate the ICD-10-CM and ICD-10-PCS code sets, which are scheduled to be implemented on October 1, 2013. The ICD-10-CM code set and ICD-10-PCS are available along with a link for questions and answers concerning ICD-10 at <http://www.cms.hhs.gov/ICD10>. The ICD-10-CM and ICD-10-PCS Final Rule is available at <http://edocket.access.gpo.gov/2009/pdf/E9-743.pdf>.

## 8. What challenges does NCPDP D.0 present to the healthcare industry?

One of the most prominent challenges is identifying the gaps between the current and newly named versions of these standards. With the addition of new segments, and with a variety of new data fields, business partners will need to review these various fields and identify those fields that may impact their current processing requirements. Many of the challenges facing the healthcare industry are not technical in nature, but instead address business challenges. Not all of the modifications may apply to our clients' business models; still, all Covered Entities must be able to accept all modified and new fields regardless of whether they intend to use the data submitted.

There are a number of changed areas:

1. Three new segments were added to allow for the Medicare Certificate of Medical Necessity information.
2. In NCPDP 5.1, there were two alternatives for submitters to bill compounds, which have been removed for NCPDP D.0. Submitters will need to ensure that they are transmitting the information in the 'Compound' segment of D.0.
3. NCPDP D.0 added both new fields and better definitions to existing fields used for pricing information in order to improve the balancing of transactions.
4. For Coordination of Benefits, new fields and clarifications of usage were added to this area and should be reviewed closely during implementation to ensure proper transmission of COB information.
5. The data field 402-D2 was increased from seven to twelve digits in length, which represents a challenge during the migration to the new standard if submitters or payers try to convert to using a longer prescription/service reference number before their trading partners are ready.
6. Service Billings now have their own specific transaction codes (S1, S2, S3), which are also mentioned in question 14 of this FAQ.

Because of our commitment to guiding our clients through this transition, we will be publishing on [www.hipaasimplified.com](http://www.hipaasimplified.com) a summary document of issues and challenges that face each segment of the healthcare industry today.

### 9. How can covered entities prepare for the transition to NCPDP D.0?

An organization should perform a thorough systems inventory to establish which technical and business components will be impacted by the transition to NCPDP D.0 or Batch Standard Version 1.2. In the analysis of business components, the organization should also review the readiness of their business partners, including clearinghouses, software vendors, etc., to confirm that they will also be prepared to transition by the compliance date.

Additionally, covered entities should perform a full internal gap analysis between the current version and the standard that they intend to implement. Such an analysis both focuses on a covered entity's actual use of the content within the standard transactions and identifies the circumstances in which the changes in the standards impact the specific covered entity. This information will be vital in understanding the local impact of the transition to the organization.

Because of our commitment to guiding our clients through this transition, we will be publishing on [www.hipaasimplified.com](http://www.hipaasimplified.com) an NCPDP 5.1-to-D.0 gap analysis.

### 10. Are there any milestones published by HHS to help organizations meet the compliance dates?

Yes. In the preamble to the Final Rule, HHS has recommended the following timeline to help the industry migrate to the new versions of the transactions:

Target Date	Milestone
Jan 2009	Begin Level 1 activities (gap analysis, design, and development)
Jan 2010	Begin internal testing for X12 5010 and NCPDP D.0
Dec 2010	Achieve Level 1 compliance (covered entities have completed internal testing and can send and receive compliant transactions)
Jan 2011	Begin Level 2 testing period activities (external testing with trading partners and move into production; dual 4010A/5010 processing mode) Begin initial ICD-10 compliance activities (gap analysis, design, development, and internal testing)
<b>Jan 1, 2012</b>	<b>5010/D.0 compliance date for all covered entities</b>
<b>Jan 1, 2012</b>	<b>The compliance date (subrogation only – all appropriate except for small health plans)</b>

Target Date	Milestone
Jan 1, 2013	The compliance date for small health plans (subrogation only)
Oct 1, 2013	The compliance date for ICD-10-CM and ICD-10-PCS

**11. What action is Emdeon taking to address the modifications to the approved HIPAA transactions and code sets?**

Emdeon's project team has performed a thorough gap analysis, the results of which helped to create a database of issues and challenges. This information will be made available at [www.hipaasimplified.com](http://www.hipaasimplified.com) and will include information for each of our business segments (physicians, hospitals, payers, pharmacies, dentists, and channel partners). Additionally, the site will provide additional resources for helping our clients perform their own gap analyses.

**12. What is the Emdeon X12 5010 and NCPDP D.0 readiness timeline?**

Emdeon is well-positioned to comply with the Level 1 and 2 HHS guidance timelines and with the compliance date:

Target Date	Activity
Q1 2009	<b>Research, Planning, and Documentation</b> <ul style="list-style-type: none"> <li>Gap analysis X12 4010A/5010 and NCDPDP D.0</li> <li>Detailed business requirements</li> </ul>
Q2 – Q4 2009	<b>Claims, ERA, Real-Time, and Pharmacy Systems Enhancement</b> <ul style="list-style-type: none"> <li>Systems analysis/mapping documents</li> <li>Detailed design</li> <li>Development/build</li> </ul>
Q1 2010	<b>Internal Testing for Claims, ERA, Real-Time and Pharmacy systems</b> <ul style="list-style-type: none"> <li>QA/regression/end-to-end testing</li> </ul>
Q2 2010	<b>Pilot readiness for 837P/ID Claim, 835 ERA, 270/271 Eligibility, 276/277 Claim Status, 278 Referrals, and Pharmacy NCPDP D.0</b> <ul style="list-style-type: none"> <li>Aligned with WEDI proposed X12 5010 project plan</li> <li>6 to 9 months ahead of HHS external testing guidance</li> <li>18 to 21 months ahead of HHS X12 5010 compliance date</li> </ul>
Q3 – Q4 2010	Conversion of <b>early implementer customers</b> on all covered transactions to X12 5010 and NCPDP D.0
2011	Conversion of <b>all remaining customers</b> to X12 5010 and NCPDP D.0

### 13. What is the impact of HIPAA 5010 and NCPDP D.0 to Emdeon's product and service offerings?

Emdeon's products and services will be enhanced to facilitate the new transaction standards in a timely manner for our clients. We have conducted an in-depth data gap analysis for all of the transactions that Emdeon supports. Emdeon will share these gap analysis documents with our customers, just as we did for HIPAA 4010A1, NCPDP 5.1 and for the NPI. We will also provide shared roadmaps for implementation.

### 14. What HIPAA transactions will Emdeon support?

Emdeon will support the following versions of transactions for NCPDP D.0:

- **ASC X12 5010X221 835** – Health Care Claim Payment/Advice
- **NCPDP Data Dictionary 07/2007** – The website <http://www.ncdp.org/pdf/matrix.pdf> is available for more information
- **NCPDP External Code List Version 07/2007 and Forward** – Code list is updated quarterly; the website <http://www.ncdp.org/pdf/matrix.pdf> is available for the most current version available
- **NCPDP D.0 Telecommunication Standard Implementation Guide**, which includes the following transaction types within the standard:
  - **B1** – Billing
  - **B2** – Reversal
  - **B3** – Re-bill
  - **C1** – Controlled Substance Reporting
  - **C2** – Controlled Substance Reporting Reversal
  - **C3** – Controlled Substance Reporting Re-bill
  - **D1** – Predetermination of Benefits
  - **E1** – Eligibility Verification
  - **N1** – Information Reporting
  - **N2** – Information Reporting Reversal
  - **N3** – Information Reporting Re-bill
  - **P1** – Prior Authorization Request and Billing
  - **P2** – Prior Authorization Reversal
  - **P3** – Prior Authorization Inquiry
  - **P4** – Prior Authorization Request Only
  - **S1** – Service Billing
  - **S2** – Service Reversal
  - **S3** – Service Re-bill

When reviewing each of the three documents, it is important to also review the appendices for a list of specific changes and when they were made to ensure that all modifications have been made in applicable systems.

### 15. How do you anticipate NCPDP D.0 impacting our customers?

Just as with the HIPAA 4010A1, NCPDP 5.1, and the NPI implementations, Emdeon will facilitate trading partner readiness using a variety of tools and educational materials, including HIPAA guidance reports and implementation roadmaps.

It is imperative that providers work with their software vendors to ensure that the data they send to us allows us to create a compliant transaction; there will also be a certain degree of business

impact, which we have outlined in our forthcoming “Issues and Challenges” section of HIPAA Simplified.

**16. Does Emdeon hold any leadership roles in the healthcare industry?**

Absolutely. Emdeon is a leader in the industry and holds a number of positions with healthcare organizations: Emdeon is a member of the WEDI Board and participates as leaders in the X12 5010 and ICD-10 workgroups and forums. Emdeon also maintains leadership positions in X12N Workgroups that focus on the HIPAA-approved transactions. Regarding our role with X12, we have focused largely on the migration to X12 5010. Regarding WEDI, we have employees who serve as co-chairs on two panels and others who closely track the work being done by another panel. We also have an employee who is the X12 Liaison to the Medical EDI Committee within IAABC. Emdeon is also represented on several NCPDP workgroups.

**17. Who should customers contact with questions about HIPAA 5010 and NCPDP D.0?**

Emdeon has structured our transition communication plan so that our clients are able to obtain pertinent information as quickly as possible. To facilitate an expedited question/response process, a client should present any inquiries to their knowledgeable Emdeon Account Manager, who will ensure that the inquiry is responded to in a timely manner.

**18. When will Emdeon be prepared to engage with customers for joint planning of the implementation of NCPDP D.0 or HIPAA 5010 data exchange and services?**

For pharmacy transactions, Emdeon anticipates having our internal testing completed by the end of the second quarter of 2010, and we anticipate beginning discussions with our clients by the third quarter of 2010. Early implementers should contact their designated Emdeon account manager to notify us that they are prepared to kickoff discussions concerning pharmacy transaction implementations. More details will be provided as we approach the designated testing time frame.