

**News Flash** - Understanding the Remittance Advice: *A Guide for Medicare Providers, Physicians, Suppliers, and Billers* serves as a resource on how to read and understand a Remittance Advice (RA). Inside the guide, you will find useful information on topics such as the types of RAs, the purpose of the RA, and the types of codes that appear on the RA. To order your copy today, go to the Medicare Learning Network Product Ordering page at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/index.html> on the CMS website.

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**Note:** This article was updated on September 20, 2012, to reflect current Web addresses. All other information remains the same.

## **NCPDP Inbound Claim and COB Companion Documents Updated for NPI Reporting**

### **Provider Types Affected**

Suppliers who bill Medicare Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for providing Medicare Part B drugs to Medicare beneficiaries

### **What You Need to Know**

CR 5716, from which this article is taken, announces that the original Medicare fee-for-service National Council for Prescription Drug Programs (NCPDP) inbound claim and coordination of benefits (COB) companion documents have been updated to address the use of the National Provider Identifier (NPI).

You can find these updated documents (entitled "NCPDP 5.1/1.1 Inbound NPI Companion Document" and "NCPDP 5.1/1.1 COB NPI Companion Document") at <http://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/index.html> on the CMS website, and as attachments to CR5716.

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

## Background

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The Health Insurance Portability and Accountability Act (HIPAA) of 1996 adopted the NCPDP Telecommunication Standard 5.1 and NCPDP Batch Standard 1.1 as the national standard for submitting retail drug claims. Medicare DME MACs are responsible for processing all retail drug claims for those limited prescription drugs covered under Medicare Part B; and this national standard applies both to claims sent inbound to DME MACs as well as those sent outbound by the DME MACs to COB trading partners.

In addition to such national standards, HIPAA also mandated that covered entities use NPIs as the sole means to identify providers who prepare electronic data interchange (EDI) transactions. However, NCPDP standards were not designed to enable a health care provider to report more than one identifier during this transition period. Thus, in NCPDP claims, you can report either a provider's legacy number, such as National Supplier Clearinghouse (NSC) identification numbers used for retail pharmacy identification and the Unique Physician Identification Numbers (UPINs) used to identify prescribers of retail drugs, or the NPI, but not both.

Further, when the original Medicare fee-for-service NCPDP inbound claim and COB companion documents (which provide Medicare-specific information related to the use of the relevant HIPAA standards) were issued, they did not address use of NPIs. CR5716, from which this article is taken, announces that an updated version of those companion documents, that does include NPI reporting, is now available to be downloaded under the titles of "NCPDP 5.1/1.1 Inbound NPI Companion Document" and "NCPDP 5.1/1.1 COB NPI Companion Document" at: <http://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/index.html> on the CMS website.

You should be aware that for retail drug claims prior to May 23, 2008 (the date when the NPI is to be used exclusively to identify providers on NCPDP claims) the NCPDP implementation guide calls for the use of qualifiers to indicate the type of provider identifier being reported.

On NCPDP claims that you submit prior to May 23, 2008, you can choose to use either legacy numbers or NPIs for provider identification. If you choose to use legacy numbers, the pre-NPI companion document (not containing "NPI" in the title) applies. If you choose to use NPIs, the new companion documents (containing "NPI" in the titles) apply. Lastly, prior to May 23, 2008, if you use a legacy identifier for the retail pharmacy and an NPI for the prescriber (or vice versa); the non-NPI companion document will apply for reporting the legacy identifier, and the NPI companion document will apply for reporting the NPI.

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There are some specific details related to the completion of NCPDP claims that will be of interest to you:

- Effective for claims received by Medicare on or after May 23, 2008, your inbound claims will be returned if they do not contain an 01 (NPI) qualifier in Transaction Header segments 202-B2 (retail pharmacy identification) and/or 466-EZ (prescriber identification), and if included in a claim, 468-2E (primary care provider identification) and 465-EY (pharmacy identification).
- If an inbound claim contains a reported NPI in a provider identification number field (210-B1, 411-DB, 421-DL, or 449-E9), but one or more of those numbers do not meet NPI validity criteria (i.e., does not begin with a 1, 2, 3, or 4; does not have 10-digits; includes any special characters; or does not have a valid check digit in the 10<sup>th</sup> position), the claim will reject.
- Medicare systems will not check the Medicare NPI Crosswalk to try to locate an NPI for any provider identification fields (qualifier and provider identification number fields) for any provider for which information is included in a claim in fields which are not used for Medicare claim processing (e.g., fields 468-2E and 421-DL or 465-EY and 449-E9). The editing for such provider qualifiers and identification numbers in the fields not used by Medicare will be limited to NPI validity edits.
- Medicare legacy numbers will not be reported on the outbound coordination of benefits (COB) transaction. However, an exception is permitted for those claims that have not cleared the system by the date CMS ends its' NPI contingency. Those "pending" claims may contain legacy number, so the COB will also include the legacy number.

## Additional Information

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You can find the official instruction, CR5716, issued to your DME MAC by visiting <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R2990TN.pdf> on the CMS website. The two updated companion documents: "NCPDP 5.1/1.1 Inbound NPI Companion Document" and "NCPDP 5.1/1.1 COB NPI Companion Document" are attached to that CR.

If you have any questions, please contact your DME MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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