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CENTER FOR MEDICARE

TO: All Part D Plan Sponsors

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SUBJECT: Prescriber Identifier Reporting

DATE: November 4, 2011

In an August 13, 2010 memorandum, entitled “Use of Invalid Prescriber Identifiers on Medicare Part D Drug Claims,” we announced a new CMS prescriber identifier project to begin in September 2010. The project was motivated by the findings reported by the U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) in the report on their study of invalid prescriber identifiers in Medicare Part D claims. The contractor engaged for the project, Acumen, LLC (Acumen), analyzed industry trends in prescriber ID reporting on Part D prescription drug event (PDE) records in order to assess the feasibility of exclusive NPI reporting, as mandated by the Health Insurance Portability and Accountability Act (HIPAA), and to identify ways to further improve NPI reporting rates on PDEs.

The purpose of this memorandum is to share the project outcomes to-date. Therefore, a summary of the findings, prescriber reporting rates and next steps is attached.

Medicare Part D: Prescription Drug Event (PDE) Prescriber Identifier Reporting

10/20/2011

I. Background

The Centers for Medicare & Medicaid Services (CMS) requires that Medicare Part D plan sponsors report a prescriber identifier (ID) on each Part D summary claim record (prescription drug event (PDE)) reported to CMS. Currently, CMS accepts four different types of prescriber identifiers on PDEs: National Provider Identifier (NPI), Drug Enforcement Agency (DEA) Number, Unique Physician Identification Number (UPIN), and state license number (SLN).

In September 2010, CMS contracted with Acumen, LLC (Acumen) to analyze industry trends in prescriber ID reporting on Part D PDEs. The purpose of this project was to assess the feasibility of exclusive NPI reporting, as mandated by the Health Insurance Portability and Accountability Act (HIPAA), and to identify ways to further improve NPI reporting rates on PDE records. Recent PDE data show that approximately 90% of PDEs currently submitted to CMS contain prescriber NPIs. The following sections of this report summarize Acumen's findings and CMS' next steps for improving proper prescriber ID reporting practices. Section II presents a high-level overview of Acumen's findings from interviews with industry representatives. Section III highlights the prescriber ID reporting rates by pharmacy type for drugs dispensed in 2011. Section IV outlines the outreach that CMS will conduct to achieve better NPI reporting rates.

II. Interview Findings

To assess the feasibility and challenges of meeting the requirement for exclusive NPI reporting, Acumen conducted interviews with various Part D stakeholders, including pharmacy benefit managers (PBMs), pharmacies, and pharmacy chains. Acumen's questions centered around the stakeholders' prescriber ID reporting practices, challenges to exclusive NPI reporting, and factors that might facilitate exclusive NPI reporting. Acumen's key findings are as follows:

A. Common Practices

Pharmacies and PBMs generally use the prescriber name and address on the prescriptions to obtain the prescriber's ID from the following sources:

- The National Plan and Provider Enumeration System (NPPES) website for NPIs and the National Technical Information Service (NTIS) database for DEA numbers.
- A prescriber database accessed through a monthly subscription with a third-party vendor. These databases typically include the prescriber's name, address, and all associated prescriber IDs.
- Internal databases, developed with data from the NPPES and/or third-party databases.

B. Challenges to Exclusive NPI Reporting

Stakeholders cited several challenges associated with exclusive NPI reporting. The most common were:

- Not all prescribers have, know, or are willing to report their NPIs.

- There is no single-standard data source that provides all of a prescriber's IDs (e.g. NPI, DEA, and State License Number (SLN)) and is available without cost.
- Certain state regulations hinder NPI reporting. For example, New York State permits SLNs in lieu of DEAs or NPIs; as a result, stakeholders reported that prescribers in New York tend to default to SLNs.
- Since CMS accepts non-NPI prescriber IDs, stakeholders have little incentive to invest in the process of transitioning their systems to accommodate exclusive NPI reporting.
- Stakeholders stated that it is unclear who has primary responsibility for NPI reporting – prescribers, pharmacies, or PBMs.

C. Factors that Facilitate NPI Reporting

Acumen identified best-practices that might facilitate exclusive NPI reporting.

- Stakeholders who subscribe to a third-party prescriber database expressed great satisfaction with the data provided. The databases typically contain the prescriber's name and all of the relevant prescriber IDs, enabling the pharmacy or PBM to map a non-NPI prescriber ID to the NPI in the database.
- Some stakeholders have claims edits in place for invalid prescriber IDs and/or non-NPI prescriber IDs. These rejects generally lead to high NPI reporting rates.
- Certain state regulations aid NPI reporting. For example, stakeholders noted that Wisconsin and Minnesota have implemented restrictive DEA reporting requirements, which have led to increased NPI reporting.

III. Prescriber ID Reporting Rates

In addition to conducting Part D stakeholder interviews, CMS examined the 2011 prescriber ID reporting rates by dispensing pharmacy. These data showed:

- Among chain, independent, franchise and government pharmacies, chain pharmacies have the highest NPI reporting rate at 96%.
- Among the individual pharmacy chains, NPI reporting rates vary more significantly among small chains than large chains. The 10 largest chains have NPI reporting rates that range from 89% to 100%; the 10 smallest chains have NPI reporting rates that range from 5% to 100%.
- Among community/retail, durable medical equipment (DME), long term care, mail order, specialty, home infusion and other pharmacy types, community/retail pharmacies have the highest NPI reporting rate at 90% and home infusion therapy providers have the highest DEA number reporting rate at 21%.
- The highest rates of invalid NPIs are associated with nuclear pharmacies at 0.09%, and the highest rates of invalid DEAs are associated with clinic pharmacies at 2.03%.

IV. Summary/Next Steps

While the NPI reporting rate on PDEs submitted to CMS by Part D sponsors is increasing, there is still room for improvement. To encourage proper prescriber ID reporting, CMS has notified individual pharmacies with high invalid NPI and DEA reporting rates of their outlier status as indicated by Acumen's metrics, with simultaneous copies of the notice sent to the Medicare

Compliance Officers of any Part D plans to which they submitted Part D claims. Pharmacies and Part D sponsors are encouraged to take appropriate corrective actions to improve their prescriber identifier reporting performance as quickly as possible. All parties should also note CMS' proposed regulatory change that will limit the acceptable prescriber identifiers on Part D claims to only the individual NPI beginning in CY2013.¹

¹ See Notice of Proposed Rule-Making CMS-4157-P (76 Federal Register 63018, October 11, 2011) at <http://www.gpo.gov/fdsys/pkg/FR-2011-10-11/pdf/2011-25844.pdf> .