DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group
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SUBJECT: Implementation of Telecommunication Standard Version D.0

DATE: December 09, 2011

On November 17, 2011, CMS' Office of E-Health Standards and Services (OESS) announced that CMS would not initiate enforcement action against Health Insurance Portability and Accountability Act of 1996 (HIPAA) covered entities for noncompliance with three new HIPAA transaction standards until March 31, 2012. The announcement notes, however, that the compliance date for the use of these standards remains January 1, 2012. The purpose of this memorandum is to address the impact of the OESS announcement on Part D sponsor implementation of the National Council for Prescription Drug Programs (NCPDP) Telecommunication Standard Version D.0 and the CMS requirements to be effective January 1, 2012 that would be supported by D.0 transactions.

Consistent with the OESS decision, we will defer any action for noncompliance related to the use of the Telecommunication D.0 standard and implementation of Part D regulatory changes supported by the D.0 standard for 90 days, including:

- Use of the new Benefit Stage Qualifier values (50, 60, 70, 80) to permit both non-Part D drugs and Part D drugs not covered by the plan to be submitted and processed in limited circumstances under a Part D BIN or Rx BIN and Part D processor control number (Rx PCN) combination.
- Processing of multi-ingredient Part D compounds using the Telecom D.0 standard which requires the compound segment.

Although we will not enforce compliance until March 31, 2012, the compliance date remains January 1, 2012. We expect all sponsors and network pharmacies that are ready to implement on January 1st. In an effort to maintain consistent operations and minimize disruptions in reimbursement, we request that Part D sponsors negotiate with any of their trading partners that are not ready for continued acceptance of pharmacy claims in NCPDP Version 5.1until March 31st without the risk of action for noncompliance. However, since January 1, 2012 remains the compliance date for NCPDP D.0 implementation, rejecting claims that are submitted in the 5.1 format would be compliant.

To ensure supplemental claims are appropriately captured and Nx transactions generated, the Part D Transaction Facilitator will continue until March 31, 2012 to accept supplemental payer B transactions in either Version 5.1 or D.0. Beginning January 1, 2012, the Transaction Facilitator will convert supplemental payer claims received in either 5.1 or D.0 format to D.0 Nx transactions. As of April 1, 2012, the Facilitator will reject supplemental payer B transactions that are not in Version D.0. Thus, after 90 days, TrOOP-eligible supplemental payers must use Version D.0; otherwise, their payments will not be credited toward TrOOP.

We note that the decision to exercise discretionary enforcement with respect to the use of Version D.0 and implementation of the aforementioned regulatory changes does not affect our previously announced delays regarding the following two additional regulatory requirements to be effective January 1, 2012:

- Full implementation of the unique Part D 4Rx identifier requirements
  In a September 16, 2011 memorandum, we announced that Part D sponsors may elect to delay rejecting claims from pharmacies without correct (i.e., unique Part D) 4Rx data, but must implement the reject edit for these claims before April 1, 2012. We note further that the postponement of claims rejections does not mean sponsors may also postpone the requirement to establish unique Part D 4Rx data prior to January 1, 2012. Sponsors must assign a unique Part D BIN (or Rx BIN and Part D processor control number (PCN) combination) and Part D cardholder identification number (RxID) for each Medicare enrollee and update CMS systems with the new 4Rx data prior to January 1, 2012. CMS can issue compliance notices to plans for failure to meet this deadline.

- Revised standardized pharmacy notice (CMS-10147)
  In an October 14, 2011 memorandum, we encouraged sponsors to make the revised standardized pharmacy notice provided to enrollees when a prescription cannot be covered under the Part D benefit at point-of-sale available to enrollees as of January 1, 2012 as required by the April 15, 2011 Final Rule (76 FR 21471). However, the standardized notice that has been used is being revised through the Paperwork Reduction Act (PRA) process. The final revised notice will not be available until that process is complete and interim version should not be used. Therefore, given the anticipated timing of the publication of the final notice, we recognized that sponsors may need additional time to comply with the requirement. As a result, we announced that we would not take action for non-compliance any earlier than 90 days after publication of the final OMB-approved pharmacy notice.

If you have any questions concerning this memorandum, please contact Deborah Larwood at 410-786-9500 or Deborah.Larwood@cms.hhs.gov.