DEPARTMENT OF HEALTH & HUMAN 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

SUBJECT: Impact of the CMS Announced Delay in Enforcement of Telecommunication Standard Version D.0 on Part D Sponsors

DATE: March 27, 2012

On March 15, 2012, CMS' Office of E-Health Standards and Services (OESS) announced that CMS would not assess HIPAA enforcement penalties against Health Insurance Portability and Accountability Act (HIPAA) covered entities for noncompliance with the HIPAA standards that were adopted January 1, 2012 through June 30, 2012. The additional three-month implementation extension is provided to ensure covered entities can complete the transition to the updated standards. 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 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 the following Part D regulatory changes until July 1, 2012:

- 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 July 1, 2012, the compliance date remains January 1, 2012. Thus, Part D sponsors may either continue to accept pharmacy claims in Version 5.1 until July1st without the risk of action for noncompliance or may reject pharmacy claims that are not in Version D.0.

The following requirements are also affected by the delay in enforcement of compliance with the Telecommunication D.0 standard:

Revised standardized pharmacy notice (CMS-10147)

Beginning with the 2012 plan year, Part D enrollees must be provided the revised standardized pharmacy notice when a prescription cannot be covered ("filled") under the Medicare Part D benefit, and the issue cannot be resolved at the point-of-sale (POS). In a February 2, 2012 memorandum, CMS announced the availability of the revised, OMB-approved standardized pharmacy notice (CMS-10147), but recognizing that plan sponsors may need additional time to ensure that operations and systems are in place to fully comply with this requirement, indicated that action for noncompliance would not be taken against a plan sponsor prior to May 1, 2012. However, as a result of the delay in Version D.0 enforcement, we also will delay the date for enforcement of compliance with the requirement to provide the revised standardized pharmacy notice until July 1, 2012. To the extent that plan sponsors are able to comply with this requirement in advance of the enforcement date, they are encouraged to do so, but may continue to post the notice if they are unable to comply until July 1, 2012.

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. Consistent with the OESS decision, we will delay the deadline for Part D sponsor implementation of the reject edit as implementation is tied to the new D.0 benefit stage qualifiers noted above. These edits must be implemented as of July 1, 2012.

Supplemental payer claims transactions

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

NCPDP Financial Information Reporting (FIR) transaction standard version 1.2

In a June 16, 2011 memorandum, we described the requirements and timeframes for the implementation of changes associated with version 1.2 of the NCPDP FIR transaction standard. Although the new version of the FIR transaction includes the F4 (FIR Suspense) and F5 (FIR Release) transactions as well as the addition of new fields for Contract and Plan Benefit Package (PBP) numbers, we announced we would proceed to implement only the Contract/PBP fields effective July 1, 2012 and postpone implementation of the new FIR transactions until a later date. However, since the implementation date for other requirements is now also July 1st, we will delay implementation of FIR version 1.2 until September 1, 2012. As of that date, each Part D sponsor must ensure their FIR processor is certified by the Transaction Facilitator to process FIR transactions including the Contract/PBP field; however, processors must start testing by August 1st in order to meet the new implementation deadline.

A number of processors are already certified for FIR version 1.2; for those that have not begun the testing process, the Transaction Facilitator has the new version of the FIR transactions and certification test cases available on the MedifacD website at

https://medifacd.relayhealth.com/Payers/FIR_Testing.html under the heading "Certification Test Cases Description - Version 1.2." During the certification period, the Facilitator is supporting both versions of the FIR and maintaining a BIN/PCN table to identify the processors that are certified to accept version 1.2 transactions. All FIR transactions will be submitted in FIR version 1.2 as of September 1st, 2012.

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