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: Use of Invalid Prescriber Identifiers on Medicare Part D Drug Claims

DATE: August 13, 2010

In June of this year, the U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) issued the report on their study of invalid prescriber identifiers in Medicare Part D claims. Using 2007 prescription drug event (PDE) data, the OIG found 18.4 million PDEs containing invalid prescriber identifiers; 98.2 percent of the invalid identifiers were coded as Drug Enforcement Administration (DEA) registration numbers. In response to the OIG findings, CMS conducted a preliminary ad hoc analysis of PDE data for the last 6 months of 2009. The results of this analysis suggested an increase in the use of national provider identifiers (NPIs). However, we are uncertain as to why the improvement in NPI use was not more prevalent and why some invalid identifiers continue to appear on PDE records.

The purpose of this memorandum is threefold. First, we reiterate the CMS guidance that specifies that the NPI is intended to uniquely identify a health care provider in standard transactions, such as health care claims. The Health Insurance Portability and Accountability Act (HIPAA) requires that covered entities (i.e., health plans, health care clearinghouses, and those health care providers who transmit any health information in electronic form in connection with a transaction for which the Secretary of HHS has adopted a standard) use NPIs in standard transactions by the compliance dates. As of the compliance dates, the NPI is the only health care provider identifier that can be used for identification purposes in standard transactions by covered entities. This guidance is in a FAQ available on the CMS Web site at: http://questions.cms.hhs.gov/app/answers/detail/a_id/2623/session/L3NpZC9jeUQydDE3aw%3D%3D .

Second, although HIPAA requires pharmacies to use the NPI on HIPPA covered transactions, we recognize that pharmacies cannot always obtain the prescriber NPI at the time of dispensing, Therefore, to ensure Part D enrollees do not experience service interruptions, CMS guidance permits Part D sponsors to accept alternative prescriber identifiers, such as DEA registration numbers or state license numbers. However, we clarify in this memorandum that it has always been our intention that whatever type of prescriber identifier (i.e., NPI, DEA number, unique provider identification number (UPIN) or state license number) is used, it must be a valid number.

Finally, we announce a new CMS prescriber identifier project that will begin in September 2010. The project is motivated by the Medicare Improvements for Patients and Providers Act incentive program for eligible professionals who are successful e-prescribers as well as by the OIG findings described previously. In order for CMS to use PDE data for the purpose of determining an eligible professional, PDEs must include accurate individual prescriber identifiers. As a result, the purpose of this project is to assist CMS in developing a strategy to improve the percentage of prescriber NPIs on PDEs thereby improving the accuracy of the prescriber information on PDEs, eliminating invalid identifiers, and enabling CMS to better monitor and evaluate the diffusion of e-prescribing in Part D. The contractor engaged for the project will analyze PDE data to identify trends, conduct outreach with high and low-performing outliers, and suggest recommendations for the CMS strategy for improving the percentage of prescriber NPIs on PDEs.

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