

# *Administrative Simplification*

A program of the Washington Healthcare Forum  
Operated by OneHealthPort

## Best Practice Recommendation for

### *Exchanging & Processing Information about Pharmacy Benefit Management*

<b>Version</b>	
<b>Issue Date</b>	<b>Explanation</b>
10-20-2014	First Release
02-09-15	Clarify language under Health Plans - Section B Claims Processing

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## **BEST PRACTICE RECOMMENDATION**

**Topic:** Exchanging Information about Pharmacy Benefit Management

***Notes:***

*For the purpose of this document, the term pre-authorization includes any authorizing related action that needs to be taken prior to dispensing of the medication in order for a claim to pay. Interchangeable terms for those prospective review actions include, but are not limited to pre-authorization, pre-auth, pre-cert, prior auth, etc.*

**Improvement Opportunity:**

Industry Standard NCPDP transactions are currently in use for electronically exchanging pharmacy benefit information between prescriber, pharmacist and health plan. However, some of the data elements in these transactions are not used and/or are not used in standard ways thus reducing the effectiveness of the communication process and delaying the availability of a patient's medication.

This document outlines a set of recommended best practice for using electronic applications and transaction data elements in standard ways so as to expedite the communication process and increase the timeliness in which a patient's medication is available for dispensing.

**Summary of Recommendation:**

- Prescribers will use e-prescribing applications / Electronic Health Records (EHR). Information will be exchanged with pharmacies via the NCPDP SCRIPT Transaction. Diagnosis information will be included as part of the New RX sub-transaction that is sent to pharmacies.
- Health plans will make up-to-date formulary information electronically available to prescribers for loading into their e-prescribing application / EHR via the NCPDP Formulary and Benefit Transaction. Standard usage is recommended for specified data elements.
- Pharmacies and Health Plans will use the NCPDP Telecommunication Transaction to exchange claim information. Diagnosis information will accompany other claim information sent to health plans if it is available to the pharmacy.

## **Applicability**

The best practices that are recommended in this document apply to all services that are covered under a member's pharmacy benefit whether the health plan directly performs the practice or outsources the practice to another organization, e.g. PBM. References in this document to best practice recommendations for "health plan" means the inclusion of the health plans, payers as well as any other outsourced organization eg PBM, that are performing those services.

All health plans, prescriber and pharmacy organizations are encouraged to adopt and appropriately implement these Best Practice Recommendations as soon as practical.

## **Background:**

Industry standard NCPDP transactions are in place to streamline the communication process between health plans and prescribers, prescribers and pharmacies, and pharmacies and health plans. Those transactions are:

- NCPDP SCRIPT NewRx transaction (for e-prescribing between prescriber and pharmacy)
- NCPDP Formulary and Benefit Transaction (for download of formulary and benefit information from a health plan to a prescriber's e-prescribing application or Electronic Health Record (EHR))
- NCPDP Telecommunication Transaction (for exchanging claim related information with a health plan)

Health plan, prescriber and pharmacy applications that send and receive these transactions are commercially available.

The best practices below recommend use of the applications and the "turning on" of the transactions. They also recommend standard usage of key data elements which are in the transaction but whose usage is not required by the transaction standard.

## **Best Practice Recommendations**

Note: The tables below contain data elements whose standard usage as part of transaction-based information exchange is intended to improve the operational efficiency of the overall pharmacy pre-authorization process. These tables are not intended to convey all of the required data elements that should be communicated in the respective transactions. The complete set of data elements, required and otherwise, can be found in the NCPDP standard Implementation Guide for the respective transaction and will not be duplicated in this document:

## Prescribers

### A. Electronic Prescribing

1. Prescribers will use an e-prescribing application or Electronic Health Record application (EHR) that is configured to receive current formulary information from health plans utilizing the NCPDP Formulary and Benefit Standard.
2. Prescribers will use the e-prescribing application or EHR to send prescription(s) to a pharmacy using the current version of the NCPDP SCRIPT standard NewRX transaction. In addition to the **required** information for an NCPDP transaction, the information exchanged will include:

Information	Space in Transaction?
• Diagnosis Code in the appropriate ICD9/ICD10 format	DRU segment (070) of NewRx Transaction

### B. Electronic Communication with Pharmacies

Prescribers will use an e-prescribing application or EHR to communicate with pharmacies about submitted prescriptions using the current version of the NCPDP SCRIPT standard transaction. The following transaction sets are currently available within that SCRIPT standard and are described in the Implementation Guide as follows. (Note – these definitions apply to the scope of the transaction set and not necessarily to the scope of the operations.)

- *Changing Prescription* - This communication is initiated by the pharmacist. It might be requesting a switch from brand to generic, based on a health plan's formulary, or due to a therapeutic intervention. It may also be utilized to request a prescriber to review the drug requested, and obtain a prior authorization from the payer for the prescription. It may be used to request drug use evaluation information, or to clarify a prescription.
- *Refilling/Renewing Prescription* - This communication is initiated by the pharmacist. It is for the purpose of requesting approval for additional refills of a prescription beyond those originally prescribed.
- *Fill Status of a Prescription* – This communication is originated by the pharmacist. It notifies the prescriber about the status of a prescription - either new or refill. It can be used in a number of cases including – to notify of a dispensed prescription (the patient picked up the medication), to notify of a partially dispensed prescription (patient picked up part of the medication), and to notify of a prescription never dispensed (patient did not pick up the medication).

- *Cancel Prescription* - This transaction is originated by the prescriber. It notifies the pharmacy that a previously sent prescription should be canceled and not filled. It is used when the prescriber wishes to notify the pharmacy to no longer continue dispensing any open refills on an active prescription or to cancel a prescription that has not yet been dispensed
- *Medication History* – This transaction is originated by the pharmacist or the prescriber. It requests Medication History for patient from a prescriber, pharmacy or payer. This information could include but is not limited to samples that were given to the patient during their visit.

## Health Plans

### A. Electronic Prescribing

Health plans will make up-to-date formulary information electronically available to prescriber for loading into their e-prescribing application / EHR utilizing the NCPDP Formulary and Benefit standard. In addition to the *required* information for an NCPDP transaction that formulary information will include:

Information	Space in Transaction?
• Formulary or non-formulary	4.2.1 Formulary Status
• Tier Level	4.2.4 Copay Information
• Contract exclusions (qualifies the conditions under which the patient's pharmacy benefit covers a medication)	4.2.3 Coverage Information 8.5.2.1 Coverage Information Detail
• Quantity limits	4.2.3 Coverage Information 8.5.2.3 Coverage Information Detail
• PA required	4.2.3 Coverage Information 8.5.2.1 Coverage Information Detail
• Preferred / Step Therapy (tried and failed)	Section 8 <sup>*1</sup>

<sup>\*1</sup> – Further definition will likely be required to insure standard implementation of appropriate data elements

B. Claims Processing

Upon rejection of a claim (i.e. the processing of a claim has been stopped pending a defined action required of the pharmacist, prescriber or member), the health plan will use the NCPDP Telecommunication standard to notify the pharmacist by providing the following information in addition to the *required* information for the transaction:

Information	Space in Transaction?
<ul style="list-style-type: none"> <li>Rejection Reason (Pre-Authorization (PA), Quantity Level Limitations (QLL), Exclusion, etc.)</li> </ul>	Only in limited free text message fields* <sup>1</sup>
<ul style="list-style-type: none"> <li>Other medications to consider that would require a Pre-Authorization (if applicable)</li> </ul>	7.5.3.5 Response Status Segment (Transmission accepted/transaction rejected)
<ul style="list-style-type: none"> <li>Other medications to consider that would not require a Pre-Authorization (if applicable)</li> </ul>	
<ul style="list-style-type: none"> <li>Instructions for further processing of claim or for more specific contact information, may include a reference to a specific location on a web site.</li> </ul>	
<ul style="list-style-type: none"> <li>Who to contact</li> </ul>	Contact phone number 7.5.3.5 Response Status Segment (Transmission accepted/transaction rejected)

\*<sup>1</sup> – Further definition will likely be required to insure standard implementation of appropriate data elements

C. Pre-Authorization Processing

- If a pre-authorization is approved or denied after a claim was initially rejected, the health plan/PBM will notify the dispensing pharmacy if they initiated the pre-authorization request. Notification will be done via a method determined by the health plan.

The health plan will notify the patient about any adverse determination. Notification will be done via a method determined by the health plan.

See BPR – Health Plan Web Capabilities for Pharmacy Benefits & Pre-Authorization for best practices related to notifying prescriber about pre-authorizations.

## Pharmacists

### A. Electronic Prescribing

Pharmacists receive electronic prescriptions from prescribers using the SCRIPT Standard New Rx transaction

### B. Electronic Communication with Prescribers

Pharmacists will be able to communicate with prescribers about submitted prescriptions using the current version of the NCPDP SCRIPT standard transactions. The following transaction sets are currently available within that SCRIPT standard and are described in the Implementation Guide as follows. (Note – these definitions apply to the scope of the transaction set and not necessarily to the scope of the operations.)

- *Changing Prescription* - This communication is initiated by the pharmacist. It might be requesting a switch from brand to generic, based on a health plan's formulary, or due to a therapeutic intervention. It may also be utilized to request a prescriber to review the drug requested and obtain a prior authorization from the payer for the prescription. It may be used to request drug use evaluation information, or to clarify a prescription.
- *Refilling/Renewing Prescription* - This communication is initiated by the pharmacist. It is for the purpose of requesting approval for additional refills of a prescription beyond those originally prescribed.  
  
BPR Note: Automatic requests for renewal that are set up when a script is initiated need to be modified or deleted if/when the script is modified or discontinued so that erroneous refill requests are not sent to the prescriber.
- *Fill Status of a Prescription* – This communication is originated by the pharmacist. It notifies the prescriber about the status of a prescription - either new or refill. It can be used in a number of cases including – to notify of a dispensed prescription (the patient picked up the medication), to notify of a partially dispensed prescription (patient picked up part of the medication), and to notify of a prescription never dispensed (patient did not pick up the medication).
- *Cancel Prescription* - This transaction is originated by the prescriber. It notifies the pharmacy that a previously sent prescription should be canceled and not filled. It is used when the prescriber wishes to notify the pharmacy to no longer continue dispensing any open refills on an active prescription or to cancel a prescription that has not yet been dispensed
- *Medication History* – This transaction is originated by the pharmacist or the prescriber. It requests Medication History for patient from a prescriber, pharmacy or payer. . This information could include but is not limited to samples that were given to the patient during their visit.



C. Claims Processing

1. Pharmacist will submit pharmacy claims to health plans use the NCPDP Telecommunication standard. In addition to the **required** information for an NCPDP transaction the information exchanged will include:

<b>Information</b>	<b>Space in Transaction?</b>
• Diagnosis Code (if supplied by prescriber) in the appropriate ICD9/ICD10 format	7.4.13 Clinical Segment

2. Upon receipt of a claim rejection that requires prescriber involvement to resolve, the pharmacist will notify the prescriber as described under *B. – Changing Prescriptions* above.