



March 16, 2017

Ms. Susie Klein
Executive Secretary
Managed Care Plan Division
Michigan Department of Health and Human Services
400 S. Pine Street
Lansing, MI 48933

RE: NCPDP Reject Code 831 Implementation Date

Dear Ms. Klein:

The National Council for Prescription Drug Programs (NCPDP) is a not-for-profit American National Standards Institute (ANSI)-accredited Standards Development Organization (SDO) consisting of nearly 1600 members who represent drug manufacturers, chain and independent pharmacies, drug wholesalers, insurers, mail order prescription drug companies, claims processors, pharmacy benefit managers, physician services organizations, prescription drug providers, software vendors, telecommunication vendors, industry professional societies, service organizations, government agencies, and other parties interested in electronic standardization within the pharmacy services sector of the healthcare industry.

NCPDP develops the standards that facilitate the interchange of data amongst pharmacies, physicians, pharmacy benefits managers, payers, processors and manufacturers—including the HIPAA-named Telecommunication Standard Version D.0, the Universal Claim Form (UCF) and the Workers' Compensation/Property & Casualty Universal Claim Form (WC/PC UCF).

The NCPDP External Code List (ECL), which supports the NCPDP Telecommunication Standard, is published as often as quarterly with updated and new values to support changing and evolving industry needs. To achieve consistency and standardization across all industry participants, NCPDP has developed and published an annual ECL implementation schedule as well as an Emergency ECL process to accommodate regulatory mandates.

NCPDP WG9 Government Programs Medicaid Frequently Asked Questions Task Group recently became aware of Michigan's memo dated January 23, 2017 which recommends, "... all Plans add **NCPDP reject 831 – Product Service ID Carve-Out, Bill Medicaid Fee For Service** error to their point-of-sale pharmacy coding ... by or before April 1, 2017."

While we recognize the State's desire to use Reject Code 831 on April 1, 2017, the requested implementation date conflicts with NCPDP's recommended annual ECL implementation date of October 15, 2017. It is our understanding the State's early implementation of the reject code is based on pharmacy feedback, which is consistent with the reason for the requested reject code. Through NCPDP's approval process, the industry agrees with the need for a reject code; however, the purpose for the

annual implementation is to allow all industry stakeholders i.e., payers, pharmacies (including the retail pharmacy organization submitting the request), pharmacy software vendors, etc. adequate time to adjust their software systems to both send and receive the new reject code.

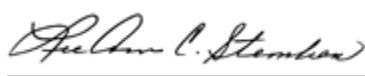
Even if some Pharmacy Benefit Managers are able to meet the accelerated implementation date, pharmacy software systems may not be able to read the reject code which could have unintended consequences potentially impacting patient access to care for a vulnerable population. If pharmacies are not able to receive the new reject code information in a clear and concise manner, patient access to care due to inaccurate or incomplete communications between pharmacy team members and patients may occur.

NCPDP strongly encourages the Michigan Department of Health and Human Services to abide by the NCPDP recommended annual ECL implementation date of October 15, 2017. In the interim, NCPDP recommends the use of Reject Code 41 – Submit Bill To Other Processor or Primary Payer for plans that may need to reject claims for the specified reasons identified in the State’s memo and include a descriptive free-form text message in field 504-F4 – Message in their rejections. Sending free-form text messages such as this is less efficient than the use of reject codes for which pharmacy workflow automation can be developed, but it is a solution that is less disruptive than the use of a new reject code that industry trading partners are not prepared to utilize for another six months.

Thank you for your consideration of our request. For direct inquiries or questions related to this letter, please contact:

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Sincerely,



Lee Ann C. Stember
President
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