



Larry Kocot  
Centers for Medicare and Medicaid Services  
Room 425H, Hubert H. Humphrey  
200 Independence Ave., S.W.  
Washington, DC 20201  
[larry.kocot@cms.hhs.gov](mailto:larry.kocot@cms.hhs.gov)

Dear Mr. Kocot:

The National Council for Prescription Drug Programs (NCPDP) has been made aware that plan sponsors and their subcontractors in the Part D Medicare Prescription Drug Benefit have implemented a number of different technical solutions to identify the residence of the beneficiary. This practice has resulted in rejected claims, confusion among long term care (LTC) pharmacy providers, and further complication to the Part D claims submission process. Because of the inconsistent use of technical solutions and different billing practices, we would appreciate any effort that the Centers for Medicare and Medicaid Services (CMS) can make that would encourage further standardization of the Part D claims process.

The need to identify the residence of the beneficiary in light of Part D requirements was not possible to be predicted prior to the publication of NCPDP *Telecommunication Standard Version 5.1* and it being named in the HIPAA TCS Rule in August 2000. As the Part D program requirements became clearer in 2005, the analysis was undertaken to try to incorporate the needs in the standards frozen under HIPAA. Unfortunately, the analysis and publication of the resulting recommendations from that analysis was hindered by other Part D accommodation efforts taking greater attention of the industry.

In November 2005 the NCPDP adopted the "Long-Term Care (LTC) Pharmacy Claims Submission Recommendations For Version 5.1" appendix found in the NCPDP *Telecommunication Version 5 Questions, Answers and Editorial Updates* document. This appendix provides guidance for the long term care industry based upon the existing definitions in the NCPDP *Data Dictionary* for the *Telecommunication Standard Version 5.1*. This document supports possible solutions that would allow for consistent technical solutions across plan sponsors and their subcontractors, long term care providers, and vendors nationwide.

The solutions established in this appendix are the result of a six-month effort by members of the NCPDP and other interested parties. The Task Group that worked on this document included representatives from the payer, provider, and vendor communities to reach this consensus. The appendix sets forth the specific codes that should be used to identify whether a beneficiary is a resident of a long term care facility (using the definition used by CMS in its Final Rule) or an assisted living facility. In addition, the appendix identifies the appropriate code to use for "unit dose" and other transactions unique to these institutional settings. The document is available on our website at [http://www.ncpdp.org/frame\\_news\\_hipaa\\_trans.htm](http://www.ncpdp.org/frame_news_hipaa_trans.htm) under "Version 5 Editorial" and a copy is attached to this letter.

NCPDP has provided information about this document to members in newsletters and on CMS-sponsored calls occurring in November and December 2005. Unfortunately, many payers had already completed their systems coding requirements for Part D processing.

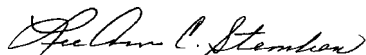
Without clear direction from CMS, plan sponsors and their subcontractors have established varying technical solutions for purposes of coding the location of a beneficiary. All are valid implementations of

optional fields in the HIPAA-mandated Standard. For example, an individual LTC pharmacy may be forced to use two or three different codes with different plans covering patients in the same facility to convey that a beneficiary is in a long term care or assisted living setting. Although we understand that CMS has indicated verbally that it cannot require PDPs to comply with the guidance found in the appendix, we respectfully ask CMS to strongly urge all participants in delivering Part D benefits to patients in long term care facilities to comply with this guidance.

The importance of a standard coding procedure for beneficiary residence is illustrated by the following examples of claims submissions. Certain Part B drugs are covered under Part D for residents of long term care facilities. A standard code that identifies the beneficiary as a resident of a long term care facility may be used to determine whether a drug is payable under Part B or Part D. Also, PDPs' transition plans may vary between retail and long term care. A standard beneficiary location code may be used to determine whether a long term care transition plan is applicable. In addition, unit dose products may be payable for long term care (or, in some cases, assisted living) residents, but not for ambulatory beneficiaries. A standard beneficiary location code for long term care (and another for assisted living) may be used to determine whether special unit dose packaged NDCs are payable under a beneficiary's plan.

The use of plan-specific technical solutions disrupts the processing of claims and is making the transition of beneficiaries in these settings to Part D extremely difficult. We share the Agency's goal of implementing the Part D program as smoothly and efficiently as possible. Therefore, we urge CMS to direct the industry to the "Long Term Care (LTC) Pharmacy Claims Submission Recommendations For Version 5.1" appendix in the NCPDP *Telecommunication Version 5 Questions, Answers, and Editorial Updates* and strongly urge the industry to use this guidance. We welcome the opportunity to assist you in this effort.

Sincerely,



Lee Ann C. Stember  
President  
National Council for Prescription Drug Programs (NCPDP)  
9240 E. Raintree Drive  
Scottsdale, AZ 85260  
(480) 477-1000 x 108  
[lstember@ncpdp.org](mailto:lstember@ncpdp.org)

cc: NCPDP Board of Trustees  
cc: Jeff Kelman, M.D.  
cc: Henry Chao, CMS  
cc: Tracey McCutcheon, CMS