


Electronic Billing of Million Dollar Claims Using Telecommunication Standard Version D.0

Version 10

May 2024

A decorative graphic in the bottom left corner consisting of a cluster of overlapping hexagons in various shades of teal and blue, with some white lines connecting the vertices of the hexagons.

While NCPDP stands by the recommendation to bill million dollar pharmacy claims using the Universal Claim Form to remain HIPAA compliant, this document explores the two different electronic submission methods for million dollar or higher pharmacy claims and the various industry impacts potentially encountered by pharmacies, payers/processors and other entities.

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Table of Contents

Introduction & Purpose	4
Pharmacy Impacts & Considerations.....	5
Payer/Processor Impacts & Considerations.....	7
Other Entity Impacts	9
Appendix A – History of Document Changes	10

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Introduction & Purpose

Telecommunication Standard Version D.0 does not support dollar amounts above \$999,999.99. As such, the current recommendation is that trading partners required to comply with HIPAA transaction standards should come to an agreement on how to utilize the Universal Claim Form for paper claim submission until a newer version of the standard is named and can be implemented for electronic submission.

The WG1 Expanded Dollar Fields Task Group evaluated two alternative electronic methods of submission. Each of these methods would divide the claim into multiple transmissions of smaller dollar and/or quantity values as described below.

- **Method 1:** Each claim submission should include the total quantity dispensed in QUANTITY DISPENSED (442-E7), regardless of how many claims are used to obtain the total quantity dispensed.
- **Method 2:** The total quantity dispensed should be divided evenly across all claims, where possible. The sum of the individual QUANTITY DISPENSED (442-E7) amounts should equal the total quantity dispensed.

While the official recommendation is to bill using paper claim forms, if trading partners choose to implement one of these electronic methods, they should account for the various impacts to industry entities as outlined in this document.

Additionally, HIPAA covered entities and their Business Associates that are considering conducting these transactions electronically need to evaluate their risks associated with becoming noncompliant to HIPAA rules and increased exposure to the complaint-based enforcement process. NCPDP does not endorse either of these alternatives to paper claim processing.

Pharmacy Impacts & Considerations

Before electing to bill claims electronically for products costing a million dollars and greater, pharmacies should consider the potential impacts listed in the table below.

Pharmacy Impacts & Considerations	Method 1 (QUANTITY DISPENSED 442-E7 – Same)	Method 2 (QUANTITY DISPENSED 442-E7 – Divided)
Inventory system: Pharmacy inventory systems may count more product as being dispensed, this could require changes to those and other systems.	Potentially Impacted <i>e.g., Multiplication of the quantity (i.e., quantity billed is “1” four times, so inventory systems think four items have been dispensed instead of 1)</i>	No Known Impact
Fractions & Non-Discrete Values: Software limitation for use of any fraction or non-discrete value. (e.g., quantity billed is “.25” on four claims, but pharmacy system(s) may not allow for the quantity of one item to be divided).	No Known Impact	Potentially Impacted
Audits: Pharmacies may be subject to audit findings from different entities for various reasons.	e.g., potential fraud, waste, abuse, or overbilling.	e.g., inaccurate billing for quantities outside minimum and/or maximum limits for a product
Ingredient Cost Calculations: As the cost submitted on a claim is usually calculated as the quantity x unit cost, the cost for these claims may need to be manually calculated and a method for overriding and submitting this manual amount may be required.	Potentially Impacted	No Known Impact
Transmission Fees: Multiple transmission fees may be applied to the pharmacy.	Potentially Impacted	Potentially Impacted
Claim-based Fees: Pharmacy system requires logic to only submit one fee per fee type (e.g., dispensing fee, regulatory fee, delivery fee).	Potentially Impacted	Potentially Impacted
Quantity-based Fees: Pharmacy system may not be able to support other quantity-based fees or may need to suppress them on subsequent claim submissions. (e.g., percent sales tax, etc.)	Potentially Impacted	No Known Impact

Pharmacy Impacts & Considerations	Method 1 (QUANTITY DISPENSED 442-E7 – Same)	Method 2 (QUANTITY DISPENSED 442-E7 – Divided)
Member Cost Share: The total member cost share to be collected from the member may vary and may need to be the sum of each divided claim, the pharmacy system may not be able to reconcile this information.	Potentially Impacted	Applicable for flat dollar copays, not applicable for coinsurance
Coordination of Benefits: Downstream payers may not accept this method of dividing the claim into separate claims, which could result in a more complex manual COB method, which would be more prone to errors in consolidating the divided claim back into one claim submission downstream.	Potentially Impacted	Potentially Impacted
Prescription Label: The printed quantity on the prescription must reflect the total quantity dispensed and must reconcile information returned on each of the divided claims. This can include fields such as quantity, copay, dispensing fee, etc.	Does not sum the quantity across all the claims	Sums the quantity across all claims
Refills: Internal pharmacy logic for counting the number of refills authorized and dispensed may need to be adjusted to account for the additional quantities/fills.	Potentially Impacted	Potentially Impacted
Safety Checks: Internal pharmacy safety checks, including Drug Utilization Review (DUR), or quantity/fill limitations, may need to be altered or turned off.	Potentially Impacted	Potentially Impacted

Payer/Processor Impacts & Considerations

Before electing to bill claims electronically for products costing a million dollars and greater, payers/processors should consider the potential impacts listed in the table below.

Payer/Processor Impacts & Considerations	Method 1 (QUANTITY DISPENSED 442-E7 – Same)	Method 2 (QUANTITY DISPENSED 442-E7 – Divided)
Cost Calculations: The cost calculation may be inflated due to the quantity submitted; as the incoming claim(s) won't indicate how many claims will be submitted to achieve the full "claim", the system won't know how to calculate the cost correctly across multiple claims that have not yet been submitted.	Potentially Impacted	No Known Impact
"Lesser of" Logic: Due to potentially inflated calculated costs, the processor system may always use the pharmacy-submitted pricing to arrive at the final cost due to lesser of billed or calculated logic that exists in most processor systems.	Potentially Impacted	No Known Impact
Member Cost Share: Member cost share may be inaccurate or inflated due to inaccurate pricing and/or because the processor system will not know upfront the total number of divided claims to be submitted to allocate the copay correctly across those claims. The member may be charged multiple copays.	Potentially Impacted	Applicable for flat dollar copays, not applicable for coinsurance
Coordination of Benefits: As a downstream payer, the processor may not be able to accept other methods of dividing the claim into separate claims, which could result in a more complex manual COB method, which would be more prone to errors.	Potentially Impacted	Potentially Impacted
Subrogation/Batch Claims: Multiple claims for one dispensing may require manual intervention.	Potentially Impacted	Potentially Impacted
Refills: Refill-too-soon edits may require override to allow for multiple transactions to equal one dispensing event.	Potentially Impacted	Potentially Impacted

Payer/Processor Impacts & Considerations	Method 1 (QUANTITY DISPENSED 442-E7 – Same)	Method 2 (QUANTITY DISPENSED 442-E7 – Divided)
Duplicate claim: Processor system logic for what makes a unique claim may require pharmacy to modify what is being submitted to avoid a duplicate claim reject. This may be a new prescription or refill.	Potentially Impacted	Potentially Impacted
Unbreakable Package Logic: May require override to allow for multiple transactions to equal one dispensing event.	Potentially Impacted	Potentially Impacted
Safety Checks: Internal payer/processor safety checks, including Drug Utilization Review (DUR), quantity limitations, fill limits, etc., may need to be altered or turned off to ignore the greater quantity.	Potentially Impacted	Potentially Impacted
Prior Authorizations & Overrides: The processor may need a mechanism or process to override limitations that are encountered during processing as a result of multiple claim submissions.	Potentially Impacted	Potentially Impacted
Transmission Fees: Multiple transmission fees may be applied to the pharmacy.	Potentially Impacted	Potentially Impacted
Claim-based Fees: Payer/processor system requires logic to only return one fee per fee type (e.g., dispensing fee, regulatory fee, delivery fee).	Potentially Impacted	Potentially Impacted
Quantity-based Fees: Payer/processor system may not be able to support other quantity-based fees or may need to suppress them on subsequent claim responses. (e.g., percent sales tax, etc.)	Potentially Impacted	No known impact
Member Cost Share: The total member cost share to be collected from the member may vary and may need to be the sum of each divided claim, the payer/processor system may not be able to reconcile this information.	Potentially Impacted	Applicable for flat dollar copays, not applicable for coinsurance

Other Entity Impacts

If trading partners choose to implement one of these methods, they should account for the various impacts to all involved industry entities (e.g., switch vendors, government agencies, auditors, etc.).

Other Entity Impacts & Considerations	Method 1 (QUANTITY DISPENSED 442-E7 – Same)	Method 2 (QUANTITY DISPENSED 442-E7 – Divided)
Quantity: Downstream receivers of this information may sum the total quantity.	Potentially Impacted	No Known Impact
Quantity: Some states may reject the multiplied quantities on the encounter file.	Potentially Impacted	No Known Impact
Auditing concern: Third party auditors may misinterpret the submitted quantities as being over or under expected amounts.	Potentially Impacted	Potentially Impacted e.g., unbreakable packages that are broken (billed as partial)
Auditing concern: Contract validation for overstated quantity.	Potentially Impacted	No Known Impact
Auditing concern: Third party claim reconciliation between the pharmacy and payer/processor.	Potentially Impacted	No Known Impact
Analytics & reporting considerations: Third parties performing reporting and analytics utilizing this data (e.g., clinical, financial, etc.) may misinterpret the data.	e.g., eliminate duplicate quantity, copay, fee, etc.	e.g., consolidate the claim transmission to be one claim, quantity, copay, fee, etc.
Clinical Impacts: Clinical programs driven by or utilizing claims data may be impacted (e.g., Medication Therapy Management (MTM) programs, Prescription Drug Monitoring Program (PDMP) reporting).	Potentially Impacted e.g., DUR	Potentially Impacted
Regulatory Fees: Entity assessment of fee based on claim (e.g., flat tax).	Potentially Impacted	Potentially Impacted
Rebates: Reporting and reconciliation.	Potentially Impacted	Potentially Impacted

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Appendix A – History of Document Changes

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