Independent Community Pharmacy Perspective on NPI Readiness

Kathryn Kuhn, R.Ph.
Senior Vice President, Pharmacy Programs
National Community Pharmacists Association (NCPA)

January 24, 2007
Independent Pharmacy Today

- Independents dispense **1.5 billion prescriptions annually**
  - 42% of all retail prescriptions
  - $85 billion
- Prescription medicines are our business: **92% of annual sales are Rx medicines**
- Average number of **prescriptions per pharmacy**: 61,071 annually, **196 per day** (3% increase over 2004)
- There are **24,500 single-store independent pharmacies** (independent chains, independent franchises, independent long-term care, compounding, specialty, and home I.V. pharmacies, and independent pharmacist-owned supermarket pharmacies)
- 42% of the nation's 58,665 retail drugstores*

*Independents, traditional chains, supermarkets, and mass merchandisers*
NPI Problems Unique to the Independent Pharmacy Marketplace
Enumeration

• Since 1981 Pharmacy Provider IDs have been maintained by NCPDP in a central database
  ▪ NCPDP ID

• NPI to replace NCPDP ID

• NCPDP was certified by CMS as an EFIO in May 2006 to collect and submit records to the CMS Enumerator for pharmacy NPIs on behalf of pharmacies with their authorization

• To date, only 31% of 35,406 non-chain pharmacies in the NCPD ID database have applied for NPI through NCPDP or provided a NPI to NCPDP
  ▪ 24,430 non-chain pharmacies missing from NCPDP database
Enumeration

- Enumerated pharmacies that directly applied with CMS may not have sent NPIs to NCPDP because they don’t understand the benefits
  - NCPDP database contains data not maintained by the CMS NPS, e.g.,
    - Crosswalk of pharmacy NPIs to legacy NCPDP IDs
    - Network affiliations
  - Health plans / PBMs can use the NCPDP database to associate a pharmacy’s NPI with the legacy ID previously assigned to them in the plans’ processing systems
    - Insures payment to the correct pharmacy
    - Connects the pharmacy with its historical data
    - Avoids potential pharmacy disruption in claims submissions or errors in claims payment from lack of recognition of a pharmacy NPI in claims processor database
    - Avoids numerous phone calls from health care plans / PBMs and claims processors requesting pharmacy NPI
Enumeration

- NCPDP enumeration application process involves manual review of each application and a 6-day turnaround gap after pharmacy files are sent to the CMS Enumerator
  - Problems encountered with NPI applications are typical
    - Pharmacist NPI provided instead of Pharmacy NPI
    - Health Care Provider Taxonomy Code provided instead of NPI
  - In anticipation of the large volume of NPI applications, NCPDP staffing limitations due to space constraints, and application processing challenges, NCPDP can guarantee a pharmacy will be included in the NCPDP NPI database only if the pharmacy NPI or NPI application is received before February 15 with the goal of the NCPDP NPI database file available for distribution to health plans / PBMs on May 1
    - February 15 is just 2-1/2 weeks away!
  - Is the CMS Enumerator prepared to handle a large volume of last-minute NPI applications from NCPDP and/or providers?
General Confusion

• Multiple NPI Application Processes
  ▪ Initiate application process via the CMS National Plan and Provider Enumeration System, NPPES, or apply via the NCPDP enumeration process?
General Confusion

• NPI Application
  - Which NPI type do I apply for as a replacement for my NCPDP ID: Type 1 (individual) or Type 2 (organization)?
  - When to obtain multiple NPIs?
  - Section 3D. Provider Taxonomy Code
    • 7 options for community pharmacies depending on type of services provided
    • Does this replace the need for another NPI?
NCPA NPI Education, Outreach

- Co-developed with NCPDP in July 2006 a comprehensive list of FAQs on NPI, which resides on NCPA and NCPDP websites
- FAQs have been routinely highlighted in weekly NCPA e-newsletter (circulation: 10,000+) with a hyperlink to NPI FAQ pdf on NCPA website
- NCPA could communicate directly (fax or mail) with pharmacies not enumerated if NCPA could obtain such a list
Other Independent Pharmacy
NPI Concerns
Prescriber NPIs

- The electronic health care claim transaction format for retail prescription drugs—NCPDP 5.1 telecommunications standard—requires a prescriber ID
  - Prescriber Type 1 NPI is a required data field
- Pharmacies will not be able to determine if they are receiving the correct prescriber’s Type 1 NPI as opposed to the prescriber’s Type 2 entity NPI
  - Claims rejections will result if a prescriber Type 1 NPI is not submitted
  - Pharmacies will encounter prescribers who will be determined that they have provided the correct NPI
  - CMS must make its NPS Prescriber NPI database available and provide instruction on how it will be accessed and distributed so that pharmacies can confirm prescriber NPIs
Prescriber NPIs

- Pharmacy system software vendors need to implement the check-digit algorithm to also confirm the validity of prescriber NPIs
Prescriber NPIs

• How will pharmacies obtain prescriber NPIs?
  ▪ NPS Prescriber NPI database versus directly from prescribers?
    • Large versus small pharmacy provider
    • Chain versus single proprietor
  ▪ Pharmacies would benefit from an online solution for real-time access to prescriber NPIs or require prescribers to impart their NPIs on a prescription
  ▪ May be more difficult for large and small pharmacy providers in large metropolitan areas to obtain prescriber IDs directly from prescribers
Prescriber NPIs

• How will pharmacies submit claims for prescription drugs from prescribers *without* a NPI—prescribers who choose not to obtain a NPI because they do not use electronic claims transactions?
  ▪ Health plan / PBM payer sheets should specify contingency plan
Claim Format Challenges

- **NCPDP 5.1 Retail Drug**
  - No data field to accommodate Secondary (Legacy) Identifiers for Pharmacy and Prescribers
    - Only one data field for Pharmacy ID
    - Not possible to send both NPI and Pharmacy Legacy ID
  - No data field to accommodate Health Care Provider Taxonomy Code for communicating Pharmacist Specialization / Certification

- **X12N 837 Professional**
  - Can accommodate *multiple* Secondary Identifiers and *multiple* Health Care Provider Taxonomy Codes
Dual Provider Identifier Databases, Business Processes, and Systems?

- Will pharmacies have to maintain dual provider identifier databases, business processes, and systems?
  - For small health plans
    - Not required to implement NPI until May 23, 2008 therefore these plans could continue to use legacy provider IDs for both pharmacies and prescribers
  - For prescribers without a NPI—those who do not use electronic claims transactions
Industry Readiness

• Timeframe for May 23, 2007 is questionable
  ▪ Lack of fully enumerated industry—pharmacies and prescribers
  ▪ Lack of guidance from CMS on dissemination of its NPS database
  ▪ Need adequate time to finalize implementation plans with trading partners
  ▪ BAs need adequate time for NPI testing to insure system changes and modified business processes succeed
Recommendations

- CMS should not allow any health plan or processor to request NPI from providers prior to implementation date
- Require the payor / claims processor community to continue to accept pharmacy and prescriber legacy IDs after May 23, 2007 NPI implementation date
- CMS must no longer delay dissemination of its NPS NPI database and access guidelines so that pharmacies can populate their databases with prescriber NPIs and health plans / PBMs can complete pharmacy and prescriber crosswalks and conduct appropriate testing with providers, pharmacy system software vendors, and claim processors by the compliance date
Thank You!

Kathryn Kuhn, R.Ph.

kathryn.kuhn@ncpanet.org