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Independent Community Pharmacy
Perspective on NPI Readiness

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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!

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