

**DEPARTMENT OF SOCIAL AND HEALTH SERVICES
HEALTH AND RECOVERY SERVICES ADMINISTRATION
Olympia, Washington**

To: Pharmacists
All Prescribers
Nursing Home Administrators
Managed Care Organizations

Memo #: 08-55
Issued: September 19, 2008

From: Douglas Porter, Assistant Secretary
Health and Recovery Services
Administration (HRSA)

**For information, contact Provider
Relations at:** 1-800-562-3022, option 2, or
<http://hrsa.dshs.wa.gov/contact/prucontact.asp>
or visit the pharmacy web site at:
<http://hrsa.dshs.wa.gov/pharmacy>

**Subject: Prescription Drug Program: 30-Day Notice of New ProviderOne Pharmacy
Point-of-Sale System Implementation on October 20, 2008, and Revised Billing
Instructions**

On October 20, 2008, the Department of Social and Health Services (DSHS) will implement the new ProviderOne Point-of-Sale (POS) system. The purpose of this memo is to summarize revisions to the *Prescription Drug Program Billing Instructions* in support of this release.

Effective for dates of service on and after October 20, 2008, unless otherwise specified, the Health and Recovery Services Administration (HRSA) will implement the following changes to the Prescription Drug Program as a result of ProviderOne implementation:

- Change of vendor for the Pharmacy Point-of-Sale system;
- Enforcement of the National Provider Identifier (NPI) requirement;
- Change in Prescriber ID for billing Over-the-Counter (OTC) family planning products, including Emergency Contraceptive Pills;
- Revision of the Pharmacy Statement (525-106), DSHS 13-714, paper claim form;
- Change in billing format for compound drug claims;
- Requirement to use a hardcopy claim for rebilling a prescription drug claim over one year old;
- Use of Other Coverage Code 4;
- Change in required fields for Medicare Part D copays;
- Change to billing format for Expedited Authorization; and
- Changes in POS rejection messages and NCPDP reject codes.

In addition to changes related to POS implementation, the following have been **added** to HRSA's *Prescription Drug Program Billing Instructions*:

- Information regarding HRSA emergency fill policy;
- Information on options for clients who will need refills while out of the area; and
- A Coordination of Benefits 'pull out' chart.

When Will the New POS System “Go Live?”

DSHS is committed to “go live” with the new ProviderOne POS system *only* when the system is fully tested, DSHS staff are prepared, and pharmacy readiness activities have been completed.

DSHS plans to implement the new ProviderOne Point-of-Sale (POS) system on October 20, 2008.

DSHS will assess provider readiness as we confirm the final decision to “go live” on this date. We want to validate that your pharmacy is prepared before we make this decision. There are a few key pieces of information we want to collect from your pharmacy to help confirm our “go live” date. *You will receive an invitation in the next few days to participate in a short survey.*

How Should I Prepare for the New POS System?

DSHS has updated the *ProviderOne Pharmacy POS Readiness Checklist* that outlines the potential changes to your business processes and the activities pharmacies should complete before “go live”.

The Pharmacy POS Readiness Checklist includes new routing information needed to redirect claims to DSHS beginning **October 20, 2008**, and resources available to help you prepare. You can find the checklist at:

<http://hrsa.dshs.wa.gov/providerone/Providers/Checklists/Check%20Lists.htm>.

Change of Pharmacy Point-of-Sale (POS) System Vendor

Effective October 20, 2008, SXC Health Solutions, Inc. will become HRSA’s vendor for the POS system. Providers will no longer be able to contact the Affiliated Computer Services (ACS) help desk for questions about POS transactions. If you have questions regarding transactions timing out, please contact your switch vendor or software vendor.

HRSA’s POS vendor will no longer address claim reversals and general billing inquiries. Please submit all claim reversals that you are unable to submit electronically as hardcopy requests, and direct billing inquiries to HRSA’s Medical Assistance Customer Service Center (MACSC) at:

1-800-562-3022, Option 2 (toll free)
1-360-725-2144 (fax)

Enforcement of the National Provider Identifier (NPI) Requirement

Effective October 20, 2008, HRSA will require an NPI to identify both pharmacies and prescribers on National Council for Prescription Drug Programs (NCPDP) transactions. You may refer to # Memo 08-05 for specific details on NPI requirements at:

<http://hrsa.dshs.wa.gov/download/Memos/2008Memos/08-05.pdf>

Change in Prescriber ID for Over-the-Counter (OTC) Family Planning Products

Effective October 20, 2008, with the implementation of NPI requirements, the Prescriber ID used when billing non-prescribed OTC family planning products (including Emergency Contraceptive Pills for clients 18 years of age and older) will change from **9777707** (7 digits) to **5123456787** (10 digits).

Revised Pharmacy Statement (525-106), DSHS 13-714, Paper Claim Form

DSHS has revised the Pharmacy Statement (525-106), DSHS 13-714, paper claim form to better support the billing of compound drugs. The new form can be downloaded at <http://www.dshs.wa.gov/msa/forms/eforms.html> on and after October 20, 2008. You may view the updated instructions for completing the Pharmacy Statement (525-106), DSHS 13-714, paper claim form in HRSA's *Prescription Drug Program Billing Instructions*.

Change in Billing Format for Compound Drug Claims

Effective October 20, 2008, hardcopy billers must submit all ingredients in a compound drug on a single Pharmacy Statement (525-106), DSHS 13-714, paper claim form. Use a National Drug Code (NDC) of "00000-0000-00" in the first claim line (section 1) and put NDCs for individual ingredients in section 2. POS billers must enter a Product/Service ID (407-D7) of "00000-0000-00" in the Claim Segment and transmit the Compound segment for individual ingredients.

Hardcopy Claim Requirement for Rebilling Claims Older than One Year

HRSA allows providers to resubmit, modify, or adjust any prescription drug claim with a timely Internal Control Number (ICN) within 15 months of the date the service was provided to the client. **Effective October 20, 2008**, resubmissions, modifications, or adjustments between 12 and 15 months old must be submitted as a hardcopy claim.

Use of Other Coverage Code 4

Effective October 20, 2008, HRSA will accept the submission of Other Coverage Code 4 when a primary insurance has paid a claim at zero or indicates 100% copay (claim was applied to deductible, less than copay, etc.), with the exception of 'prepay' plans.

Prepay means the client's insurance coverage requires the client to pay at the time of service, and the insurance reimbursement is made to the subscriber. In this instance, reverse your billing to the primary insurance, and call COB for billing assistance at 1-800-562-6136. Do not bill the insurance, and do not bill HRSA with an *Other Coverage Code*. Refer to "Coordination of Benefits" within Section I of the *Prescription Drug Program Billing Instructions* for additional detail on prepay plans.

When the primary insurer rejects a claim as "less than copay," "benefits are exhausted," or gives any other "paid at zero" response, bill HRSA using *Other Coverage Code 4*.

Effective October 20, 2008, use Other Coverage Code 3 only to indicate prescription claims which were *denied* by the primary insurer.

Change in Required Fields for Medicare Part D Copays

Effective October 20, 2008, bill Medicare Part D copays to HRSA by entering an 8 in the *Other Coverage Code* field and enter only the copayment amount in the *Other Amount Claimed Submitted* field. *Gross Amount Due* will no longer be used. Do not submit the COB/Other Payment Segment.

Change to Billing Format for Expedited Authorization (EA)

Effective October 20, 2008, to bill HRSA for drugs that meet the expedited authorization (EA) criteria, the pharmacist must create an **11-digit EA number**. The first 8 digits of the EA number must be **85000000**. The last 3 digits must be the code number of the diagnosis/condition that meets the EA criteria.

Prior to October 20, 2008, HRSA's POS system accepts either an 11-digit or an 8-digit format. After implementation of the ProviderOne POS system, the POS system will accept only the 11-digit format. Pharmacies are encouraged to convert to the 11-digit format as soon as possible because HRSA's POS system will accept this format both before and after system conversion.

Changes in POS Rejection Messages and NCPDP Reject Codes

HRSA's POS system uses NCPDP 5.1 reject codes. The new ProviderOne POS uses this code set differently, and you may receive different reject codes on claim responses from HRSA. Although these codes have meaning within the NCPDP standard, HRSA's new POS system returns a message of explanation with any claim rejection. As the complexity of prescription drug benefit management increases, it is important for HRSA to provide clear explanations of denial in real time. It is also important for pharmacies to read these messages so they can take appropriate action when serving our mutual clients.

Pharmacies should no longer rely on two-digit NCPDP Reject Codes to determine the reason a claim was rejected, whether authorization should be requested, or whether the client may pay cash for a noncovered service. Instead, pharmacies are encouraged to always read the accompanying rejection message provided by HRSA for direction on how to handle the claim. HRSA added a chart to Section K of the *Prescription Drug Program Billing Instructions* offering additional clarification of HRSA rejection messages.

Emergency Fills

HRSA guarantees claim payment for any good faith effort on the part of a pharmacist to meet a client's immediate needs in an emergency after HRSA's regular business hours. If, in your professional judgment, the client has a genuine emergent need, and your electronic claim submissions are rejected by HRSA without payment, please meet the client's immediate needs and contact HRSA within 72 hours. Refer to Section F of HRSA's *Prescription Drug Program Billing Instructions* for specific details on receiving reimbursement for emergency fills.

Travel or Vacation Fills

HRSA will not approve early refills or prescriptions filled for over a 34-day supply for clients who will be out of the area. Early refills for the purpose of travel are considered to be services rendered for a future date. Clients may elect to self-pay for an early refill or a larger days' supply, as they are not considered Medicaid eligible for the future service at the time of fill.

It is also possible to help clients who will be out of the area to receive refills covered by HRSA at a time they are due for a regular refill. Please see "Can clients receive early refills or extended days supply for travel?" within the *Prescription Drug Program Billing Instructions* for details.

Coordination of Benefits ‘Pull Out’ Chart

In addition to the inclusion of Other Coverage Code 4, HRSA revised the Coordination of Benefits portion in Section I of HRSA’s *Prescription Drug Program Billing Instructions* to offer clearer direction on coordinating benefits for DSHS clients. For your convenience, HRSA included within the section a removable page with a chart of what Other Coverage Codes are to be used when billing HRSA.

New Billing Instructions

HRSA has published updated *Prescription Drug Program Billing Instructions* available for download at:

http://hrsa.dshs.wa.gov/download/Billing%20Instructions%20Web%20Pages/Prescription_Drug_Program.html

How can I get HRSA’s provider documents?

To obtain DSHS/HRSA provider numbered memoranda and billing instruction, go to the DSHS/HRSA website at <http://hrsa.dshs.wa.gov> (click *the Billing Instructions and Numbered Memorandum* link). These may be downloaded and printed