
Program Memorandum Carriers

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal B-02-034

Date: MAY 2, 2002

CHANGE REQUEST 2181

SUBJECT: Implementation of the National Council for Prescription Drug Programs (NCPDP) Telecommunications Standard Version 5.1 and the equivalent Batch Standard Version 1.1 for Retail Pharmacy Drug-Transactions

The Secretary of Health and Human Services has established the NCPDP Telecommunications Standard Version 5.1 and Batch Standard 1.1 as national standard for the electronic transmission of retail pharmacy drug claims, eligibility, referral certification and authorization and coordination of benefits (COB). This standard will be used by all health care plans, including Medicare and durable medical equipment regional carriers (DMERCs) that electronically process retail pharmacy drug transactions. The DMERCs and the ViPS Medicare System (ViPS) must have a process in place by October 16, 2003, in order to fulfill certain requirements of the administrative simplification provisions of HIPAA. Further information on the HIPAA standards requirements in general may be obtained at <http://aspe.hhs.gov/admsimp>.

This Program Memorandum (PM) serves as the initial notice for the ViPS to begin work on the requirements for implementation of the NCPDP standard according to information conveyed during discussions between ViPS and CMS. The complete implementation of the NCPDP standard may be accomplished in two or three releases. The CMS will state their decision regarding the number of releases in a detailed PM. The ViPS will start release 1 by beginning the initial programming for inbound transactions that comply with the NCPDP implementation guide requirements.

The ViPS is able to provide the inbound and outbound translators based upon the NCPDP Standard. CMS may require this translation function and will confirm this decision in the detailed PM.

The detailed PM will be forwarded in 60 days and will give final instructions to DMERCs and ViPS for programming and testing of the NCPDP standard for retail pharmacy drug claims, and COB.

These instructions apply only to ViPS and to DMERCs. No other standard system or carrier is affected. These instructions apply only to retail pharmacy drug transactions. There is no impact on other Medicare transactions.

The effective date for this Program Memorandum (PM) is May 2, 2002.

The implementation date for this PM is October 16, 2003.

This PM may be discarded after October 16, 2003.

If you have any questions contact Marilyn Abramovitz, (410) 786-5939 or E-mail mabramovitz1@cms.hhs.gov