

SUPPORTING STATEMENT

PHARMACY BILLING REQUIREMENTS OMB NO. 1215-0194

1. The Office of Workers' Compensation Programs (OWCP) is the agency responsible for administration of the Federal Employees' Compensation Act (FECA), 5 U.S.C. 8101 *et seq.*, the Black Lung Benefits Act (BLBA), 30 U.S.C. 901 *et seq.*, and the Energy Employees Occupational Illness Compensation Program Act of 2000 (EEOICPA), 42 U.S.C. 7384 *et seq.* All three of these statutes require that OWCP pay for covered medical treatment provided to beneficiaries; this medical treatment can include medicinal drugs dispensed by pharmacies. In order to determine whether amounts billed for drugs are appropriate, OWCP must receive 19 data elements, including the name of the patient/beneficiary, the National Drug Code (NDC) number of the drugs prescribed, the quantity provided, the prescription number and the date the prescription was filled. The regulations implementing these statutes require the collection of information needed to enable OWCP to determine if bills for drugs submitted directly by pharmacies, or as reimbursement requests submitted by claimants, should be paid. (20 CFR 10.801, 30.701, 725.701 and 725.705).

There is no standardized paper form for submission of the billing information collected in this ICR. Over the past several years, the majority of pharmacy bills submitted to OWCP have been submitted electronically using one of the industry-wide standard formats for the electronic transmission of billing data through nationwide data clearinghouses devised by the National Council for Prescription Drug Programs (NCPDP). However, since some pharmacy bills are still submitted using a paper-based bill format, OWCP will continue to accept any of the many paper-based bill formats still used by some providers so long as they contain the data elements needed for processing the bill. None of the paper-based or electronic billing formats have been designed by or provided by OWCP; they are billing formats commonly accepted by other Federal programs and in the private health insurance industry for drugs. Nonetheless, the three programs (FECA, BLBA and EEOICPA) provide instructions for the submission of necessary pharmacy bill data elements in provider manuals distributed or made available to all pharmacies enrolled in the programs.

2. The required data elements are used by OWCP and contractor bill processing staff to process paper and electronic bills for

drugs dispensed by pharmacies. To enable OWCP and its contractor staff to consider the appropriateness of the requested payment in a timely fashion, it is essential that bill submissions include the data elements needed to evaluate the bill, such as the NDC number and the pharmacy's provider identification number. To do this, OWCP evaluates the same data elements that are commonly evaluated by other Federal agencies and private health insurance carriers. If all the billing data elements required by OWCP are not collected, the contractor staff cannot process the bill.

3. Pharmacies either submit their bills electronically through one of several nationwide billing clearinghouses (e.g., National Data Corporation) or mail their paper bills for drugs directly to OWCP's contractor responsible for the automated processing of all medical bills. The NCPDP has devised standardized specifications for the electronic transmission of these billing data elements that are used by the great majority of pharmacies for billing government programs such as Medicare and many private third-party payers. OWCP's acceptance of these standardized formats keeps the burden to the public at a minimum because they are widely available in various automated billing programs, they provide the information needed to process the bill, and they are acceptable to both government and private sector payers. Electronically transmitted pharmacy bills covered under the FECA, BLBA, and EEOICPA are currently accepted using one of the NCPDP standardized data formats.

As an additional service to encourage electronic submission of pharmacy bills, OWCP offers "real-time" adjudication of bills to our pharmacy providers that indicates whether or not a prescribed drug will be paid for by OWCP, and "real-time" authorization of certain prescriptions over the telephone. These services increase the number of bills submitted electronically to the three programs since uncertainty regarding payment responsibility is eliminated. Electronic submission also eliminates the need for pharmacies to print hard copies of the NCPDP (or other) paper billing form and eliminates keying time for OWCP's contractor, thus reducing total burden hours.

4. The pharmacy billing requirements are used by FECA, BLBA and EEOICPA to obtain information necessary to appropriately process pharmacy bills for drugs provided under each program. Duplicate information is not obtained since the programs service different populations. Other Federal agencies such as CHAMPUS and CMS need similar information but the claimant populations

serviced are not the same; therefore, no duplication of information is expected.

5. Collection of this information does not have a significant economic impact on a substantial number of small businesses. Freestanding pharmacies, hospital pharmacies, and other providers of prescription drugs such as pharmacies associated with clinics classified as small businesses are required to submit the needed billing data elements in accordance with program specifications for payment requests for pharmaceuticals covered under the Acts.

Efforts to minimize burden on providers include acceptance of the NCPDP standardized electronic billing data formats, which are in wide use by pharmacies and facilitate automated bill processing through standard coding language for the data elements provided. Additionally, the FECA, BLBA and EEOICPA programs have compiled instructions for the submission of the required billing data and the use of electronic transmission standards in program manuals that are distributed to all pharmacies enrolled in the programs, and provide opportunities for those enrolled pharmacies to attend workshops conducted by OWCP's servicing contractor. The NCPDP data formats are reviewed periodically by user work groups who are members of the NCPDP and changes in the formats are initiated as appropriate.

6. All information collected is bill-specific and necessary to properly adjudicate and process each bill for payment. The data is not available from another source. Billing data is compiled and submitted by the pharmacy after each prescription (or set of prescriptions) is filled, and decisions about which billing cycle to use are made by each pharmacy. OWCP does not require that a pharmacy submit its billings at set intervals, since requiring the submission of pharmacy bills less frequently would result in delayed payment for medicinal drugs, and might cause problems with prescription refill requests that could adversely affect a claimant's medical treatment. Thus, requiring that billing information be collected less frequently would not be appropriate and may not meet accounting requirements of the programs.

7. There are no special circumstances for the collection of this information.

8. The NCPDP is the private sector industry group that sets the standards for pharmacy billing, and they regularly solicit views from both member pharmacies and payers for consideration

by their various work groups. The current NCPDP standards were developed by them for use by pharmacies and payers, and are reviewed and revised as necessary to meet the needs of billing pharmacies and those entities responsible for paying bills. The NCPDP standard electronic billing data formats are widely used.

A Federal Register Notice inviting public comment was published on September 26, 2006. No comments were received.

9. The only payment made to respondents is for medicinal drugs and similar products provided under the three programs. No gifts or other forms of remuneration are made.

10. All drug bill payment requests that are submitted are fully protected by the Privacy Act in the following systems of records: DOL/GOVT-1 (FECA); DOL/ESA-6 (BLBA); DOL/ESA-49 (EEOICPA).

11. There are no questions of a sensitive nature in the pharmacy billing requirements.

12. The following burden estimates for the three programs have been derived from data compiled during the latest complete fiscal year—FY 2005. In general, pharmacies have weekly billing cycles, so approximately 28,150 respondents submit this information every year (1,463,792 responses divided by 52 weeks = 28,150):

FECA: About 1,260,654 medicinal drug bills are processed by the FECA program annually; of these, approximately 1,256,493 drug bills are submitted electronically. The FECA program requires 19 data elements to process drug bills; additional fields in the paper and electronic formats are optional. It is estimated that each bill takes five minutes to prepare, for an annual hour burden of 104,634 hours (1,260,654 x 0.083 = 104,634.28 hours).

BLBA: About 148,403 medicinal drug bills are processed for the BLBA program annually; of these, approximately 147,669 drug bills are submitted electronically. The BLBA program requires 19 data elements to process drug bills; additional fields in the paper and electronic formats are optional. It is estimated that each bill takes five minutes to prepare, for an annual hour burden of 12,317 hours (148,403 x 0.083 = 12,317.45 hours).

EEOICPA: About 54,735 medicinal drug bills are processed for the EE0ICPA program annually; of these, approximately 53,668 drug bills are submitted electronically. The EE0ICPA program requires 19 data elements to process drug bill; additional fields in the various paper formats are optional. It is estimated that each bill takes five minutes to prepare, for an annual hour burden of 4,543 hours ($54,735 \times 0.083 = 4,543.01$ hours).

Combining the burden hours for all three programs, the pharmacy billing requirements have a total respondent burden hour estimate of 121,494 hours ($104,634 + 12,317 + 4,543 = 121,494$). The mean wage rate for billing clerks (based on Bureau of Labor Statistics data) is estimated to be \$13.68 per hour. Thus, the respondent cost estimate for this collection is \$1,662,038 ($121,494 \text{ hours} \times \$13.68 = \$1,662,037.9$).

13. The cost of submitting the pharmacy billing requirements is included in the amount billed by respondents for the medicinal drugs provided. Therefore, no operation or maintenance costs are experienced by respondents.

14. There are no developmental, printing or mailing costs that are associated with this collection of information. The small number of paper bills submitted for payment are either purchased from non-government printers or computer-generated; the remainder of bills are submitted electronically. The instructions for the required billing data elements are in the provider manuals that are available and/or disseminated by the servicing contractor to all pharmacies enrolled in the programs. When necessary, updates are issued to the provider community. Printing and mailing costs for provider manuals and updates are built into the contract that OWCP has with the contractor providing program ADP support services. The cost to the pharmacy for the electronic submission of bills using the NCPDP standardized data formats is minimal and comparable to other payment request submission costs.

Processing/Reviewing Costs:

FECA: Under OWCP's contractor medical bill processing system, the average contractor cost to process one pharmacy billing submission is \$2.24. Therefore, the contractor cost to process 1,260,654 bills for the FECA program will be \$2,823,865 ($1,260,654 \text{ bills} \times \$2.24/\text{bill} = \$2,823,864.9$).

Bills that suspend out of the contractor medical bill processing system and require review are examined by 60 data entry operators, whose services are contracted from private concerns, key data on paper pharmacy bills. About 95% percent of their time is spent keying data, and about 16% of their time keying data is devoted to keying data on paper pharmacy bills. Pharmacy bills (paper and electronic) that suspend out of the bill processing system and require manual review are examined by 80 bill resolution clerks and coding specialists employed by the government at the GS-5 level, and 12 at the GS-9 level; approximately 8% of their time is required for this function.

Data entry operators: The cost to provide this review function is \$223,987 (60 x \$24,560/year using Bureau of Labor Statistics data = \$1,473,600 x 95% general time keying bills) = \$1,399,920 x 16% (specific paper pharmacy bill keying time) = \$223,987.

Government bill resolution clerks/coding specialists: The cost to provide this processing function is \$242,196 (80 at \$31,185 (GS 5, step 4 using Salary Table 2006-RUS) per year x 8% = \$199,584, plus 12 at \$44,387 (GS 9, step 2 using Salary Table 2006-RUS) per year x 8% = \$42,612 for a total of \$242,196.

Total FECA Processing/Reviewing costs: \$3,290,048

BLBA: Under OWCP's contractor medical bill processing system, the average contractor cost to process one pharmacy billing submission is \$2.24. Therefore, the contractor cost to process 148,403 bills for the BLBA program will be \$66,251 (148,403 bills x \$2.24/bill = \$ 332,423).

EEOICPA: Under OWCP's contractor medical bill processing system, the average contractor cost to process pharmacy billing submission is \$2.24. Therefore, the contractor cost to process 54,735 bills for the EEOICPA program will be \$122,606 (54,735 x \$2.24/bill = \$122,606.4).

Two Federal employees in Washington, DC review all bills processed for EEOICPA under this contract: a payment systems manager (GS-14, step 3 using Salary Table 2006-DCB) at \$97,500 yearly and an assistant payment systems manager (GS-13, step 7 using Salary Table 2006-DCB) at \$92,820 yearly. About 8% of both their time is attributable to managing the processing and reviewing of paper pharmacy bills by OWCP's contractor staff. \$97,500 + \$92,820 = \$190,320 x 8% = \$15,226.

Total EEOICPA Processing/Reviewing costs: \$137,832

\$3,290,048 (FECA costs) + \$332,423 (BLBA costs) + \$137,832 (EEOICPA costs) = Total Federal Cost of \$3,760,303.

15. There has been a substantial increase in the number of pharmacy bills submitted to the FECA program in recent years. There has been an increase of +43,825 in adjustments to the burden hours. There are no operations and maintenance cost associated with this clearance.

16. There are no plans to publish data collected.

17. Since there is no standard paper forms for these collections, they cannot display the OMB number and expiration date. Instead, OWCP will display the OMB number and expiration date on the information sheet containing the required data elements and will publish a notice in the Federal Register containing the OMB number and expiration date for this collection.

18. There are no exceptions to the certification statement.