



### Instructions – NCPDP Business-to-Business Testing NCPDP Version 4.2 Encounter Transactions

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03/12/2015		Initial Version	
10/28/2025	All	All sections have been updated to align with the current version.	

## NCPDP Encounters

### 1. Introduction

The Standardization Committee within the National Council for Prescription Drug Programs (NCPDP) is responsible for maintaining standard formats for the electronic submission of third-party drug claims and other related transactions. NCPDP revises the standard format as industry requirements change, to provide a consistent format for electronic pharmacy transaction processing, for several transaction types. The NCPDP Encounter transactions are used to report health care products and services for prescription drugs and certain durable medical equipment health care products.

The Michigan Department of Health & Human Services (MDHHS) currently receives electronic NCPDP Encounters transactions in the NCPDP D.0 format. On May 1, 2015, the Centers for Medicare & Medicaid Services and MDHHS required electronic submission of pharmacy Encounter information in conformance with the NCPDP Post Adjudication Standard Version 4.2 and the MDHHS Companion Guide for Pharmacy Encounters.

**MDHHS will use the New Record (0), Overwrite Existing Record (1), and Delete Existing Record (2) Record Indicator (Field 398) types only.**

Prior to May 1, 2015, electronic NCPDP Encounters must be submitted in the current NCPDP D.0 format.

This document explains the testing requirements for Trading Partners preparing to submit electronic NCPDP Encounters transactions in the replacement format, version 4.2.

### 2. Resources

NCPDP-compliant transactions require use of the NCPDP Post Adjudication Standard Implementation Guide Version 4.2, dated April 10, 2013. MDHHS cannot provide the Implementation Guide document; it is available for purchase from the NCPDP website at: [Standards - Standards Table Data](#). Access to the Implementation Guide requires an NCPDP membership.

Other supporting reference material related to the MDHHS electronic transactions submission process is found at the website: [HIPAA - Companion Guides](#). This MDHHS webpage contains important process information and should be reviewed prior to submitting electronic transactions. Some of the information found on the webpage includes:

MDHHS Companion Guide for NCPDP Pharmacy Encounters – This document provides essential details regarding MDHHS data requirements for each transaction format, and data clarification for purposes of the MDHHS NCPDP Encounter submission process. The MDHHS Companion Guide must be used in conjunction with the NCPDP Implementation Guide and the MMP NCPDP Companion Guide on the CMS Palmetto website.

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### 3. Business to Business (B2B) Encounters Testing

#### 3.1. Overview

MDHHS has implemented a testing process for validation of NCPDP Encounter transactions submitted by its Trading Partners. Partners must complete this testing process **prior to submission of production files** to ensure that electronic data exchange within the Michigan Medicaid Business community will operate successfully following the May 1, 2015, implementation of the *NCPDP Version 4.2 Standard*.

**NCPDP B2B Testing** is the process of submitting test files to MDHHS for processing through the MDHHS NCPDP B2B Test System. B2B testing confirms the ability of your system to interact with the MDHHS electronic submission process and validates the processing of your NCPDP Encounter transaction files. Trading Partners are asked to submit files containing individual Encounters (including 10 COB transactions for Record Indicator 0 testing by MHP and MICHild Trading Partners), using a representative sample of the transactions submitted on a regular basis. Send files identified as “Test”, that contain active Medicaid beneficiaries.: **Do not enter** “fake” Medicaid ID numbers.

Files need to be created adhering to ***Post Adjudication Standard Implementation Guide Version 4.2 & MDHHS NCPDP Post Adjudication Companion Guide***.

Submitted encounters must comply with business rules defined by the edits, as outlined in the ***Pharmacy Error Reference document***. Edits are categorized into three types:

- Informational edits with error code “1” – These edits are accepted, and the encounters are loaded into the Data Warehouse (DWH).
- Encounter-Level Rejections edits with error code “3” – These edits result in the rejection of specific encounters, which will not be loaded into the DWH.
- File-level rejections edit with error code “4” – If these edits are triggered, the entire file is rejected, and none of the encounters will be loaded into the DWH.

#### 3.2. NCPDP B2B Testing Process (March 2015 forward)

The following provides additional information regarding the testing activity.

MDHHS NCPDP B2B Testing consists of submitting test files using Michigan’s File Transfer Services (FTS) for processing through the MDHHS NCPDP B2B Test System.

**Note:** NCPDP B2B Testing requires

- The submitter is an approved MDHHS electronic submitter; and
- Test transactions are submitted electronically via the MDHHS File Transfer Services (FTS). Refer to the Resources section for information regarding electronic submission.

#### 3.3. Follow these steps to perform NCPDP B2B Testing:

Create a test file of NCPDP Encounters, using your billing system (or service bureau). The test file(s) must adhere to the following:

- The file must be a “flat” file using the format defined in the NCPDP 4.2

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Implementation Guide and the CMS and MDHHS Companion Guides.

- The Filename must include a “T” as the fifth digit following the numeric identifier “nnnnT”, where “nnnn” is the appropriate State-assigned File Application Number (Appl-ID) as shown in the table below.
- Throughout this document, “nnnnT” and “nnnn” are used as surrogates for the File Application ID appropriate to the submitting organization; and in all submissions to MDHHS the applicable number must be used.
- A file will be accepted as long as the “Class Id” is included in its name. File naming standard example. This standard applies to new submissions only; existing submissions may remain unchanged.

####	YYYY	MM	DD	HH	MI	SS	FFF
Class ID	Year the file is sent	Month the file is sent	Day the file is sent	Hour, in 24hr format, the file is sent	Minute the file is sent	Second the file is sent	Millisecond the file is sent

### ####.YYYYMMDDHHMISSFF

- Test Files:
  - Plan → MDHHS
    - 5850T\_YYYYMMDDHHMISSFF
    - 5848T\_YYYYMMDDHHMISSFF
    - 5852T\_YYYYMMDDHHMISSFF
  - MDHHS → Plan
    - 5850T.YYYYYMMDDHHMISSFF
    - 5848T.YYYYYMMDDHHMISSFF
    - 5849T.YYYYYMMDDHHMISSFF
    - 5852T.YYYYYMMDDHHMISSFF
    - 5853T.YYYYYMMDDHHMISSFF
- Production Files:
  - Plan → MDHHS
    - 5850\_YYYYMMDDHHMISSFF
    - 5848\_YYYYMMDDHHMISSFF
    - 5852\_YYYYMMDDHHMISSFF
    -
  - MDHHS → Plan
    - 5850.YYYYYMMDDHHMISSFF
    - 5848.YYYYYMMDDHHMISSFF
    - 5849.YYYYYMMDDHHMISSFF
    - 5852.YYYYYMMDDHHMISSFF
    - 5853.YYYYYMMDDHHMISSFF

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Prod ID	Test ID	Mailbox	Description	In/Out	File Type
5848	5848T	DCHBULL	Medicard ICO/HDE NCPDP	In	Data File
5848	5848T	DCHBULL	Medicard ICO/HDE NCPDP	Out	Response File
5849	5849T	DCHBULL	Medicaid ICO/HDE NCPDP	Out	Error File
5850	5850T	DCHBULL	Medicare PDE	In	Data File
5850	5850T	DCHBULL	Medicare PDE	Out	Response File
5852	5852T	DCHBULL	NCPDP MHP	In	Data File
5852	5852T	DCHBULL	NCPDP MHP	Out	Response File
5853	5853T	DCHBULL	NCPDP MHP	Out	Error File

\*\* In = File from Health Plan to DWH.

\*\* Out = File from DWH to Health Plan.

- Thus, each 5848T, 5850T or 5852T file received will have a corresponding acknowledgement file 5848T, 5850T or 5852T that will contain the detailed success or error status for each encounter. Each submission will also trigger a 5849T & 5853T respectively; this file will contain errors set during processing.
- In certain scenarios, file-level rejections may not be automatically notified. In such cases, the Encounters team will send an email communication to inform the submitter.
- The Transmission Header Record “File Type” must contain a “T” for “Test”, in Field 702-MC (character position 88).
- Each file must contain a representative number of NCPDP Encounters; conform to the specifications in the CMS and MDHHS Companion Guide and NCPDP Post Adjudication Standard Implementation Guide Version 4.2; and reference actual, valid subscriber identifiers (Provider IDs, Beneficiary IDs, etc.).
- Include a wide variety of NCPDP Encounters in your test files, including transactions that have compounds.
- Test records from HIDE-SNP submitters should have a date of service after January 1, 2026, in order to successfully pass testing.
- The edits outlined in the Pharmacy Error Reference document will serve as the basis for test scenarios. In addition to validating error codes, the plan should also include the following scenarios to ensure comprehensive coverage.
- Test the Original, Replace, and Void transactions, placing the transactions in separate files by Transaction Type and by placing Original, Replace/Void in the same file and by keeping in the sequence. The below combinations might help with testing scenarios.
  - O-V
  - O-R
  - O-O
  - O-O-V
  - O-O-V-O-V

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- O-V-R
  - O-V-R-V-O
  - V-O-O-V
  - V-R
  - V-V-O-O-V
- Below are additional example scenarios although this list is not exhaustive.

Scenario ID	Description	Expected Outcome
TC-01	Submit a file containing only <b>Original</b> transactions	All Original transactions are processed successfully
TC-02	Submit a file containing only <b>Replace</b> transactions	Replace transactions are applied correctly to their corresponding Originals
TC-03	Submit a file containing only <b>Void</b> transactions	Void transactions are applied correctly, inactivating the appropriate Originals
TC-04	Submit a file with <b>Original</b> , <b>Replace</b> , and <b>Void</b> transactions	Transactions are processed in the correct order: Original → Replace → Void
TC-05	Submit multiple files, each containing a single transaction type	System correctly identifies and processes each file based on its transaction type
TC-06	Submit a mixed file with <b>out-of-order</b> transactions	System flags errors and reject the encounters.
TC-07	Submit a file with <b>Original + Replace</b> transactions	Replace transactions are correctly matched and applied to their Originals
TC-08	Submit a file with <b>Original + Void</b> transactions	Void transactions are correctly matched and applied to their Originals

- Within a claim family, if one claim is rejected, the associated claims will also be automatically rejected. The following fields are used to determine the encounter family.
  - Cardholder Id (302-C2)
  - Service Provider Id (201-B1)
  - Service Date (401-D1)
  - Product Service Id (407-D7)
  - Prescription/Service Reference Number (402-D2)
  - Fill Number (403-D3)

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### 4. File Transfer Process

Follow MDHHS FTS file transfer documentation/guidelines and contact MDHHS-FTS-Support [mdhhs-fts-support@michigan.gov](mailto:mdhhs-fts-support@michigan.gov) for more information and help.

There are three secure protocols for exchanging files with SoM FTS.

**1. SoM FTS Web Client: (https)**

**URL:** <https://MiFTS.state.mi.us>

**2. SFTP**

**URL:** [MiFTS.state.mi.us](https://MiFTS.state.mi.us)

**Use Port: 2222 to view files by Class ID name.**

**Use Port: 2223 to view files by File Name.**

**3. FTPS (FTPS TLSv1.2) EXPLICIT, Use Passive Mode for Data Transfers.**

**URL:** [MiFTS.state.mi.us](https://MiFTS.state.mi.us)

**External Users:**

**Use Port: 11250 to view files by Class ID name. (External)**

**Use Port: 11251 to view files by File Name. (External)**

**Internal Users:**

**Use Port: 11252 to view files by Class ID name (Internal)**

**Use Port: 11253 to view files by File Name (Internal)**

**Data Ports: 11200-11240 (External and Internal)**

Notes: You may need to open ports 11200-11240 in your firewall.

**NOTES:**

**Software:**

The SoM FTS Web Client can be accessed with Microsoft Edge or other web browser.

For file transfers using the SFTP or FTPS (FTP/SSL) protocols the Trading Partner will provide their own software and support.

**SoM Source IP:** When the State initiates a connection to send a file out over the Internet, the connection will come from IP 136.181.195.231

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### 5. Post submission

- 1) Review the results on the **nnnnT** Acknowledgement Response and the **nnnnT** NCPDP Error File.
- 2) Use the above results to identify any discrepancies in the test **nnnnT** transaction file you had submitted. Consult your organization's system support team, the NCPDP Implementation Guide, and the CMS and MDHHS Companion Guides specifications to make corrections and resubmit additional test files as required until you receive confirmation that you have generated valid NCPDP Encounter transactions for the **nnnnT** NCPDP Encounters B2B test process.
- 3) Please email questions to: [MDHSEncounterData@michigan.gov](mailto:MDHSEncounterData@michigan.gov)

### 6. Trading Partner Production Criteria

These are the criteria a Trading Partner must meet in order to be certified for transmission of production NCPDP 4.2 Encounter transactions, starting May 1<sup>st</sup>, 2015. The Trading Partner may submit as many tests as necessary to verify the transactions are correct. For Production Readiness, you will need to submit a file that meets the following criteria:

Each Trading Partner must send a representative sample of unique NCPDP 4.2 Encounters that demonstrate the following:

- a) Ability to pass initial validation tests, as demonstrated by receipt of a "clean" Acknowledgement Response.
- b) Medicaid Health Plans (MHPs), Integrated Care Organizations (ICOs), HIDE-SNP plans must submit NCPDP Encounters that include evidence of coordination of benefits (COB), by reporting payment information for third party payers and encounters including compound prescriptions with more than eight ingredients.
- c) All plans must demonstrate the ability to submit encounter files that are successfully adjudicated, and the majority of records are accepted.

Electronic NCPDP Encounter transactions in the 4.2 format will be the only pharmacy files accepted starting on May 1, 2015. Prior to May 1, 2015, NCPDP Encounters must be submitted in the current NCPDP D.0 format.

**Note for future reference:** Production NCPDP Encounter files transmitted beginning Jan 1, 2026, must be changed to use a production file 'Application ID' of "**nnnn**", and the *Transmission Header Record* "File Type" must change to "**P**" for "Production", in Field 702-MC (position 88). See earlier table for the appropriate Application ID for your organization.

Please email questions to: [MDHSEncounterData@michigan.gov](mailto:MDHSEncounterData@michigan.gov).