



California Deficit Reduction Act and NDC Reporting Nuances

The implementation of the Deficit Reduction Act in California which began in April of 2009 continues to change. Additional clarifications issued by the state, Medi-Cal, and presented via payer responses have all served to introduce several key nuances that are important for California Medi-Cal providers to recognize. The issues below are in addition to the complexity that surrounds a successful implementation of the Deficit Reduction Act Section 6002, which Sentry has detailed in the whitepaper titled "How the Deficit Reduction Act Affects Hospitals".

For more information, please visit www.SentryDS.com/DRA.

Medi-Cal Requires Non-Standard Codesets

In order to adjudicate claims with Medi-Cal, providers need to create, update, and maintain nonstandard codes that roughly correlate to HCPCS codes called "X Codes". Medi-Cal has not disseminated this codeset, and it does not map one to one with the J-Code codeset that's updated quarterly by CMS.

Sentry has worked with its California customers and Medi-Cal to construct a mapping for these X-Codes, and customers can further change this resource as necessary and maintain historical audit trails.

Payers Now Requiring NDCs for Pharmacy Revenue Code Payment

Starting recently, some worker's compensation payers are requiring providers to submit pharmacy NDC codes for the drugs dispensed to the patient on claims that normally wouldn't require a HCPC code. This requires a new Revenue Code to NDC crosswalk that matches the broader revenue codes to classes of drugs that the patient may have received.

No longer can a provider rely on simple crosswalk files to tell them that a J-Code is always matched to a specific NDC, but must instead comb all dispensing history for that visit and present it on a bill. This behavior by payers is inconsistent, and requires per-payer configuration, which can be easily done within the DRA Tool™. This also means that without a system that can present the relevant pharmacy information to the billing department quickly and easily, a biller can't know if the information on the claim provided is correct or complete.

Inconsistent Requirements by Payers

Some payers require an actual acquisition cost to be provided for the drugs dispensed to patients, and nothing else. Some payers require just an NDC, and some require both an NDC and the actual acquisition cost. These requirements are often plan specific as well, and different plans will have different requirements. Medi-Cal also requires a specific UD modifier to be sent if an entity is 340B eligible for those drugs that were purchased on a 340B contract.

Changing Requirements by Payers

California has changed the requirements for payers three times since initial implementation in April of 2009, and continues to require more information or it will deny payment. Without a historical documentation trail that includes what happened (claims and associated pharmacy detail) along with why it happened (auditable policies and procedures that document when they were updated), problems can be introduced that become huge burdens under an eventual audit.

The DRA Tool™ can be configured and updated to respond to any change in regulation or requirement on a per state, per payer, per plan, and per system basis. All of this is documented and available quickly and easily online via the application's user interface.

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