



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

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March 9, 2009

General Hospital (01) Provider Letter A-233
Mental Hospital (02) Provider Letter A-92
Dialysis (39) Provider Letter A-25
Psychiatric DPU (92) Provider Letter A-04
Rehab DPU (93) Provider Letter A-04

Re: Federal Deficit Reduction Act of 2005

Dear Kentucky Medicaid Provider:

The Federal Deficit Reduction Act of 2005 requires all state Medicaid agencies to collect rebates from participating drug manufacturers for physician-administered or dispensed drugs. Effective July 1, 2009, outpatient hospital providers and renal dialysis clinics will be required to bill HCPCS codes with revenue codes 250-259, 634, 635 and 636 as well as use an appropriate NDC code. This requirement also applies to Medicare crossover claims. The 837I companion guides have been updated along with the billing instructions. You may bill the NDC as early as April 1, 2009 but the requirement will not be in effect until July 1, 2009.

The billing changes to the UB-04 claim form are as follows:

Form Locator 43 will require an N4 qualifier followed by the 11 digit NDC. There should be no spaces or dashes. Example N4XXXXXXXXXX

Form Locator 44 will require the appropriate HCPCS code.

When billing a HCPCS code with multiple NDCs on a paper claim, the NDC Detail Attachment form is required. Follow the above instructions for listing the first NDC code. The additional NDCs are to be listed on the NDC Detail Attachment form. Enter the corresponding detail line number from the claim form and list the NDC code. Repeat as necessary.

A copy of the NDC Detail Attachment form and instructions are attached for your convenience. The billing instructions have been updated and are posted at www.kymmis.com.

You may continue to bill claims via the KyHealth Net. The KyHealth Net has been updated to allow billing of NDC(s). The KyHealth Net guides have also been updated and are available on the website listed above. Please visit the website for a list of Frequently Asked Questions.



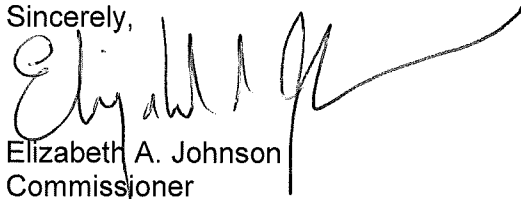
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Providers will not be required to convert HCPCS units into NDC quantity. All providers must implement a process to record and maintain the NDC(s) of the actual drug(s) administered to the recipient as well as the quantity of drug(s) given. Please note that HCPCS codes must be valid and covered by Kentucky Medicaid. If the HCPCS code is not accompanied by the NDC, the claim will be denied. Also, the NDC code cannot be billed with dashes.

Additionally, all acute care hospitals, including provider types 01, 02, 92 and 93, will be required to submit the discharge hour on all claims. For paper claims this information will go in form locator 16 and Code 00 will be considered between 12:00 AM – 12:59 Midnight. If the actual discharge hour is different from what is coded, this will be considered fraudulent billing. This requirement will be effective July 1, 2009.

If you have any questions, please contact EDS Provider Inquiry at 1-800-807-1232.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth A. Johnson", with a long, sweeping horizontal line extending to the right.

Elizabeth A. Johnson
Commissioner

EAJ/DB/MAH/ak