



## MEMORANDUM

TO: Non-Hospital Providers of Physician Administered Drugs  
FROM: EDS and NH Medicaid  
DATE: September 2008  
SUBJECT: Requiring the National Drug Code (NDC) on Claims

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Effective with electronic and paper claims for dates of service on or after December 1, 2008, the NH Medicaid Program will implement new billing requirements to support the Federal Deficit Reduction Act of 2005, which mandates the submission of NDC numbers on all claims with procedure codes for physician administered drugs.

In order to comply with this mandate, providers **must** do the following effective with dates of service on or after December 1, 2008:

1. Providers **must** submit a valid corresponding 11-digit NDC when billing a HCPCS drug procedure code in the J, S, or Q series on professional and professional crossover claims.
2. The qualifier "N4" must be entered in front of the 11-digit NDC. The NDC will continue to be submitted on the same detail line as the CPT/HCPCS drug procedure code in the pink shaded area.

The purpose of the NDC requirement is to assure that the state Medicaid agencies are able to collect drug rebate dollars on HCPCS drug procedure codes from those pharmaceutical manufacturers who have signed drug rebate agreements with the Centers for Medicare and Medicaid Services (CMS).

### **NDC Requirements for Claims Processing**

#### **Participating Labeler**

A "participating labeler" is a pharmaceutical manufacturer that has entered into a federal rebate agreement with CMS to provide each state a rebate for products reimbursed by Medicaid programs. A labeler is identified by the first 5-digits of the NDC. If a product is not rebatable, Medicaid cannot reimburse for this product. You will receive a denial indicating this (see list of EOBs on page three of this notice). To assure a product is payable for administration to a Medicaid beneficiary, compare the labeler code (the first 5 digits of the NDC) to the list of participating labelers which is maintained on the CMS web site at:

<http://www.cms.hhs.gov/MedicaidDrugRebateProgram/>

#### **NDC Formatting**

When submitting a Medicaid claim for administering a drug, providers must submit the HIPAA standard 11-digit NDC **without dashes or spaces** between the numbers. NDCs submitted in any other configuration will be denied.

**Reimbursement Policy**

Reimbursement to providers will continue to be based on the fee schedule rate of the HCPCS procedure code.

**Paper Billing Instructions**

Changes must be made to how the CMS1500 form is completed to include the following NDC information:

- NDC Qualifier
- NDC
- NDC Units of Measurement Qualifier
- NDC Quantity
- HCPC
- HCPC Units

To report the NDC on the CMS1500 claim form, enter the following information:

1. In Field 24A of the CMS1500 Form in the shaded area, enter the **NDC Qualifier** of N4 in the first 2 positions, followed by the 11-digit NDC (no dashes or spaces) and then the NDC Units of Measure Qualifier, followed by the NDC Quantity. All should be left justified in the pink shaded area above the Date of Service.

Acceptable values for the NDC Units of Measurement Qualifier are as follows:

- F2 - International Unit
- GR - Gram
- ML - Milliliter
- UN - Unit

2. The billed units in column **G** (Days or Units) should reflect the HCPCS units and not the NDC units. Billing should not be based off the units of the NDC. Billing based on the NDC units may result in underpayment to the provider.

**Example of CMS1500 Paper Claims**

24. A. DATE(S) OF SERVICE						B.	C.	D. PROCEDURES, SERVICES, OR SUPPLIES		E.	F.	G.	H.
From			To			PLACE OF		(Explain Unusual Circumstances)		DIAGNOSIS	\$ CHARGES	DAYS	EPBDT
MM	DD	YY	MM	DD	YY	SERVICE	EMG	CPT/HCPCS	MODIFIER	POINTER		OR	Family Plan
N400074115278ML10													
07	01	08	07	01	08			J1642		123	5 00	10	

**Multiple NDCs per HCPCS**

Submitting multiple NDCs per HCPCS is not allowed on paper claims. Please use the most prevalent NDC. You may submit multiple NDCs on an electronic claim.

**837 Professional Claims Submission for NDC:**

<b>837 Professional Drug Identification</b>			
Loop	Segment	Field Name	Requirement
2410	LIN02	Prod/Serv ID Qual	A value of "N4" is expected.
2410	LIN03	Prod/Service ID	An 11-digit NDC number is expected and will be mapped to the CPDNDC Prod/Service ID.
2410/2400	CTP03/ SV203	Unit Price	The unit price is expected and will be mapped to CPDNDC unit price. If the unit price on segment CTP03 is different than the unit price on the SV102, then map CTP03; otherwise map SV102.
2410/2400	CTP04/ SV104	Quantity	The quantity is expected and will be mapped to CPDNDC quantity. If the unit price on segment CTP03 is different than the unit price on the SV102, then map CTP04; otherwise map SV104.
2410/2400	CTP05/ SV103	Composite Unit of Measure	The composite unit of measure is expected and will be mapped to CPDNDC composite unit of measure. If the unit price on segment CTP03 is different than the unit price on the SV203, then map CTP04; otherwise map SV103.

\*\* Please note to submit multiple NDCs in an electronic claim repeat the above information for each NDC.

**Explanation of Benefits (EOBs) if NDC is Submitted Incorrectly:**

Claims with Dates of Service on or after December 1, 2008 that do not comply with the NDC mandate will deny. The following explanation of benefits will be received for claims not meeting the new billing requirements:

<b>EOB #</b>	<b>Description</b>
<b>512</b>	Missing / Invalid NDC Number
<b>514</b>	Missing / Invalid NDC Quantity
<b>516</b>	Missing / Invalid NDC Units of Measure
<b>517</b>	NDC not rebatable
<b>518</b>	DESI code not payable (0 or 2 are payable)
<b>519</b>	Duplicate NDC

**Electronic Claims Submission:**

Provider Electronic Solution Software will be updated to allow for the submission of NDCs. Users will be notified when the new version is ready to download from the provider web site.

Vendor software submitters please check with your vendor to ensure your software will be able to capture the criteria necessary to submit the 837 with the required NDC information.

Revised CMS1500 paper and 837 Professional billing guidelines will be posted to the provider website shortly after the release of this notice.

If you have any questions regarding this notice please contact the Communications Unit at: 1-800-423-8303 (NH & VT only) or (603) 224-1747.