



STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.
Commissioner

Wendy E. Saunders
Chief of Staff

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- ATTENTION -

Physicians, Nurse Practitioners, Licensed Midwives, and
Ordered Ambulatory Providers

National Drug Code Required on Medicaid Claims
Failure to follow the enclosed instructions will result in denied claims.
Please contact your software vendor regarding the following new billing requirement.

Dear Medicaid Provider:

Section 6002 of the 2005 federal Deficit Reduction Act (DRA) added provisions requiring ambulatory care providers to report the National Drug Codes (NDC) when billing for physician administered drugs on Medicaid claims. The NDC is the drug number maintained by the Food and Drug Administration which identifies the drug labeler/vendor, product, and trade package size. The NDC information is used to maximize federal drug rebates.

Effective January 1, 2008, this provision requires all claims for physician-administered drugs (including drugs administered by nurse practitioners, licensed midwives and drugs administered in an ordered ambulatory setting) submitted on 837 claim formats include the 11-digit NDC, the NDC dispensing quantity, and the NDC unit of measure, **in addition to the CPT/HCPCS code and units**. The NDC information can be obtained from the drug invoice and/or packaging information. Drugs subject to this provision include drugs commonly administered and billed in the ambulatory setting (e.g., chemotherapeutics, immune globulins, etc.). Vaccines are excluded from this requirement. Also note that physician-administered drug claims submitted on paper will not require entry of the NDC information at this time but will in the future.

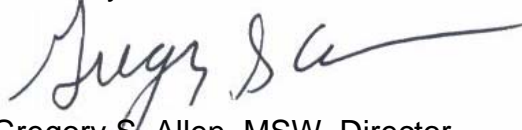
Please refer to the enclosed billing instructions for including the NDC information on your claims.

The following summarizes the information provided in this letter:

- Physician administered drugs submitted electronically will require reporting of NDC information as of January 1, 2008.
- Existing physician administered drug reporting requirements (using HCPCS) remain the same.
- Payment will continue to be based on HCPCS reporting information.
- Electronic claims for physician-administered drugs without valid 11-digit NDC numbers will be rejected effective January 1, 2008.
- **Contact your software vendor regarding this new requirement.**

Questions can be directed to the eMedNY Call Center at (800) 343-9000.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory S. Allen", with a long horizontal flourish extending to the right.

Gregory S. Allen, MSW, Director
Division of Financial Planning and Policy
Office of Health Insurance Programs

Enclosure

NDC BILLING INSTRUCTIONS

NDC Reporting

The Health Insurance Portability and Accountability Act (HIPAA) standard code set for NDCs is eleven digits, or a 5-4-2 configuration. Therefore, when submitting an NDC to the department, **a leading zero must be added. Where the zero is added depends upon the configuration of the NDC.**

Examples of the NDC and leading zero placement follow:

NDC # Configuration XXXX-XXXX-XX 4 - 4 - 2	Leading Zero Placement for 5-4-2 Configuration 0 XXXX-XXXX-XX 5 - 4 - 2
XXXXX-XXX-XX 5 - 3 - 2	XXXXX- 0 XXX-XX 5 - 4 - 2
XXXXX-XXXX-X 5 - 4 - 1	XXXXX-XXXX- 0 X 5 - 4 - 2

ELECTRONIC BILLING INSTRUCTIONS

Providers must report the 11-digit NDC and its corresponding information, in addition to the procedure code, in the LIN Segment of LOOP ID 2410 to specify the physician-administered drug that is part of the service described in SV1 for the 837 format. Providers must also report the quantity and unit of measure of the NDC as outlined in the table below:

Reporting NDC Information in 837 Claim Formats

LIN Segment – Drug Identification e.g., LIN**N4*01234567891		
LIN02	N4	N4 Qualifier identifies NDC being billed
LIN03	Actual NDC e.g., 01234 5678 91	Report NDC in the 11 digit format (5-4-2). Do not use hyphens or spaces.
CTP Segment – Drug Segment e.g., CTP***2.50*2*UN		
CTP03	Unit Price	e.g., 2.50 Do not report the dollar sign. (Enter 0.00 if cost unknown.)
CTP04	Dispensing Quantity	e.g., 2
CTP05	Unit of Measure Value	Values are: F2 = International Unit GR = Gram ML = Milliliter UN = Unit

Reporting Multiple NDC's (Including Compound Drugs)

To bill a procedure code with multiple NDC's:

- √ Repeat the 2410 Loop up to 25 iterations to report the NDC and its information as instructed above for as many drug components as necessary. The sum of the CTP03 unit price multiplied by the CTP04 Dispensing Quantity should equal the service line charge amount reported in Loop 2400 SV102.

Electronic Remittance Advice (835) and Paper Remittance Advice

The failure to report NDC information will result in the following:

- √ Paper Remittance Proprietary Edit Failure 02066
- √ Electronic Remittance Claim Adjustment Reason Code 16 - "Claim/Service lacks information which is needed for adjudication"
- √ Remark Code M119 – Missing/Incomplete/invalid/Deactivated/Withdrawn National Drug Code (NDC)

In addition, proprietary edit failure 00561 "Drug/Supply not on File" and 01600 "Discontinued NDC" may appear on paper remittances.