

South Carolina  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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# MEDICAID BULLETIN

*HOS-IP-GEN* 08-07  
*HOS-IP-IMD* 08-07  
*HOS-IP-RTF* 08-07  
*HOSO-OP* 08-07

**TO: Providers Indicated**

**SUBJECT: National Drug Code (NDC) Billing Requirement for Outpatient Hospital Setting**

To comply with Centers for Medicare and Medicaid Services (CMS) requirements related to the Deficit Reduction Act (DRA) of 2005, a change involving drugs administered in an outpatient hospital setting will become effective with dates of service on and after, June 1, 2008. The South Carolina Department of Health and Human Services (SCDHHS) will require providers billing for physician - administered drug products in the outpatient hospital setting to report the National Drug Code (NDC) when using a drug-related Healthcare Common Procedure Coding System (HCPCS) code or Current Procedural Terminology (CPT) code. This would include all claims submitted electronically (837I), via the SC Medicaid Web-Based Claims Submission Tool (Web Tool) and paper claim submissions.

## **Billing Requirement for Paper Claims Submission:**

In the Revenue Code Field (Form Locator 42):

- Enter Revenue Code 636.

In the Description Field (Form Locator 43):

- Enter the N4 qualifier in the first two (2) positions, left-justified;
- Followed immediately by the 11-digit NDC in the 5-4-2 format (no hyphens).

You have the option to enter supplemental information (i.e., Unit of Measurement, the unit quantity, etc.) with the NDC; however, Medicaid will only **edit** for the presence of a valid NDC.

**Billing Requirement for Electronic Claims Submission:**

- The 2410 loop, LIN segment field LIN02 will have qualifier 'N4' and field LIN03 will contain the NDC.

The NDC number submitted to Medicaid must be the NDC number on the package from which the medication was administered. All providers must implement a process to record and maintain the NDC(s) of the actual drug(s) administered to the beneficiary as well as the quantity of the drug(s) given. A claim will reject if a HCPCS or the CPT Drug Code has been reported, and the NDC is missing or invalid. Edit 202 (missing NDC) or Edit 301 (invalid NDC) will be assigned.

If you have any questions, please contact your Program Manager at (803) 898-2665. Thank you for your continued support of the South Carolina Medicaid Program.

/s/

Emma Forkner  
Director

EF/mgvb

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