

National Drug Code

Billing Procedure Manual for Providers

[PPC061109]

Overview

Introduction

This manual contains instructions for all practitioners and hospitals concerning the billing for drug items administered in practitioners' offices, outpatient clinics, and hospitals as well as for drug items obtained under the Department of Health and Human Services Section 340B Drug Pricing Program.

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New Requirements

National Drug Code (NDC) Requirements

The Federal Deficit Reduction Act of 2005 (signed in 2006) requires Medicaid providers to report the 11-digit National Drug Code (NDC) on the CMS1500 and UB04 claim forms as well as on the 837 electronic transactions when billing for injections and other drug items administered in outpatient offices, hospitals, and other clinical settings.

Providers were first notified of this upcoming requirement in November 2007, in the supplement information available on the New Mexico Human Services Department, Medical Assistance Division (NM HSD MAD) website at:

http://www.hsd.state.nm.us/mad/pdf_files/Supplements/MAD_REG_S_07-09.pdf Supplement: 10-03 2

Beginning in September 2010, all Medicaid practitioners and providers were required to begin supplying the 11-digit NDC when billing for injections and other drug items on the CMS1500 and UB04 claim forms as well as on the 837 electronic transactions.

As of **February 15, 2011**, Presbyterian requested that ALL practitioners and providers for all lines of business supply this information as part of the claim submission process. We understand that this change will require changes in the way your office conducts business and we will work with you to ensure a smooth transition.

Presbyterian's Claim Rejection Policy

Presbyterian may reject claims when the Healthcare Common Procedure Coding System (HCPCS) codes, Current Procedural Terminology (CPT) codes, and revenue codes listed below are billed and DO NOT include the following:

- 2-digit qualifier "N4";
- immediately followed by the valid 11-digit NDC
- unit of measure qualifier and quantity including a decimal point for correct reporting;
- correct reporting of units for the HCPCS, CPT, or revenue code; and
- a valid HCPCS, CPT, or revenue code.

On a CMS 1500 Claim Form:

An NDC is required whenever the provider bills one of the HCPCS or CPT codes listed below. The HCPCS or CPT code is also required. If the NDC you bill does not have a specific HCPCS or CPT code assigned, please assign the appropriate miscellaneous code per Correct Coding Guidelines.

- Codes in the range J0120 J9999 (various injections and chemotherapy)
- Codes in the range S0012 S0197 and S4990 S5014 (various items)
- Codes in the range S5550 S5571 (insulin injections)
- Codes in the range 90281 90399 (immune globulins)

The code ranges listed above are the original code ranges provided on NM HSD Supplement 10-03 and 11-03. Code requirements continue to change. For an updated listing of the codes requiring an NDC, please either click the following link or copy and then paste it into your Internet browser. http://www.phs.org/idc/groups/public/@phs/@php/documents/phscontent/pel 00087572.pdf

Presbyterian's Claim Rejection Policy, Continued

On a UB04 Claim Form:

HCPCS or CPT codes are required whenever the provider bills one of the revenue codes listed below **and** the claim is an outpatient hospital, emergency room facility, dialysis facility, or other outpatient facility which uses the UB04 claim form.

When the reported HCPCS or CPT code is one from the list above, the NDC must also be reported for the revenue codes listed below. The HCPCS or CPT code is also required. If the NDC you bill does not have a specific HCPCS or CPT code assigned, please assign the appropriate miscellaneous code per Correct Coding Guidelines.

- Pharmacy revenue codes 0250, 0251, 0252, and 0254.
- Pharmacy revenue codes 0631, 0632, 0633, 0634, 0635, and 0636.

Understanding The National Drug Code (NDC)

Location of the NDC

The NDC is found on the label of a prescription drug item and must be included on the CMS-1500 or UB04 claim form or in the 837 electronic transactions. The NDC is a universal number that identifies a drug or related drug item. The complete NDC number consists of 11 digits with hyphens separating the number into three segments in a 5-4-2 format such as "12345-1234-12." Do not enter any of the hyphens on claim forms.



Correcting Omission of a Leading Zero

Sometimes the NDC is printed on a drug item and a leading zero has been omitted in one of the segments. Instead of the digits and hyphens being in a 5-4-2 format, the NDC might be printed in a 4-4-1 format (example, 1234-1234-1), a 5-3-2 format (example, 12345-123-12), or a 5-4-1 format (example, 12345-1234-1).

If this occurs, when entering the NDC on the claim form, it will be required to add a leading zero or zeros at the beginning of the NDC, ensuring the NDC consists of eleven (11) digits. Ensure any added zeros are only added to the beginning of the NDC. Do not enter any of the hyphens on claim forms. See the examples that follow:

Understanding The National Drug Code (NDC), Continued

If the NDC appears as	Then the NDC	And it is reported as
NDC 12345-1234-12	is complete	12345123412
(5-4-2 format)		
NDC 1234-1234-12	needs a leading zero placed at the	01234123412
(4-4-1 format)	beginning of the NDC	
NDC 12345-123-12	needs a leading zero placed at the	01234512312
(5-3-2 format)	beginning of the NDC	
NDC 12345-1234-1	needs a leading zero placed at the	01234512341
(5-4-1 format)	beginning of the NDC	

How/Where To Place The NDC On A Claim Form

CMS 1500 Claim Form

Reporting the NDC requires using the upper **and** lower rows on a claim line. Be certain to line up information accurately so all characters fall within the proper box and row. **DO NOT bill more than one NDC per claim line.**

Even though an NDC is entered, a valid HCPCS or CPT code must be entered in the claim form. If the NDC you bill does not have a specific HCPCS or CPT code assigned, please assign the appropriate miscellaneous code per Correct Coding Guidelines. The unit of service for the HCPCS or CPT code is very important. Units for injections must be billed consistent with the HCPCS or CPT description of the code. The following table provides elements of a proper NDC entry on a CMS-1500 claim form.

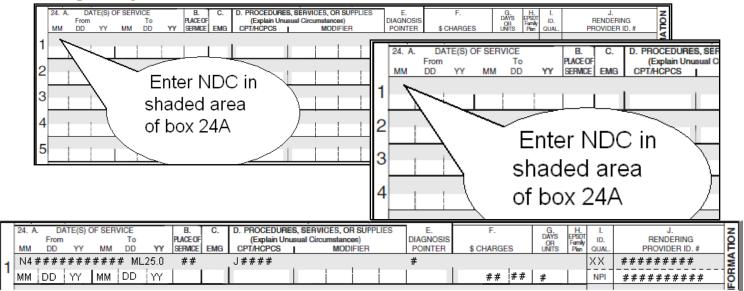
ALL ELEMENTS ARE REQUIRED.

THE ELECTION IN	E REQUIRED.	·	i
How		Example	Where
Enter 2-digit qualifier "N4"	'immediately	NDC 00054352763 is	Beginning at left edge, enter NDC
followed by 11-digit NDC		entered as	in the shaded area of box 24A
		N400054352763	
Enter one of four (4) unit	of measure	GR0.045	Immediately following the 11-
qualifiers;		ML1.0	digit NDC, enter 3 spaces,
F2 – International Unit	GR - Gram	UN1.000	followed by one of four (4) unit of
ML - Milliliter	UN - Units		measure qualifiers followed
and quantity, including a	decimal point		immediately by the quantity
for correct reporting			
Enter a valid HCPCS or CF	T code	J0610 "Injection Calcium	Non-shaded area of box 24D
		Gluconate, per 10 ml" is	
		billed as 1 unit for each	
		10 ml ampul used	

NM HSD MAD is capable of receiving all of the elements when submitted on a claim and **Presbyterian is requiring all elements**. A provider changing their billing system will want to also add information according to the format provided above.

How/Where To Place The NDC On A Claim Form, Continued

Sample Images of the CMS 1500 Claim Form



UB04 Claim Form

Even though an NDC is entered, a valid HCPCS or CPT code must be entered in the claim form. If the NDC you bill does not have a specific HCPCS or CPT code assigned, please assign the appropriate miscellaneous code per Correct Coding Guidelines. DO NOT bill more than one NDC per claim line.

The unit of service for the HCPCS or CPT code is very important. Units for injections must be billed consistent with the HCPCS or CPT description of the code. The following table provides elements of a proper NDC entry on a UB04 claim form.

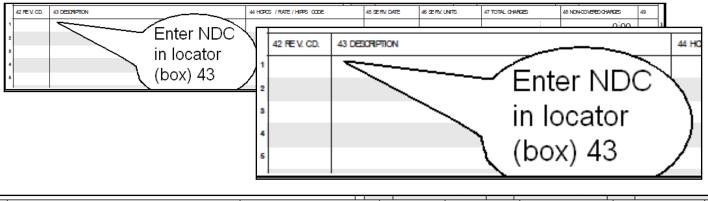
ALL ELEMENTS ARE REQUIRED.

How	<u> </u>	Example	Where
Enter a valid revenue code		Pharmacy revenue code	Form locator (box) 42
		0252	
Enter 2-digit qualifier "N4"	'immediately	NDC 00054352763 is	Beginning at left edge of the box,
followed by 11-digit NDC		entered as	enter NDC in locator (box) 43
		N400054352763	currently labeled as "Description"
Enter one of four (4) unit	of measure		Immediately following the 11-
qualifiers;		GR0.045	digit NDC, enter 3 spaces,
F2 – International Unit	GR - Gram	ML1.0	followed by one of four (4) unit of
ML - Milliliter	UN - Units	UN1.000	measure qualifiers followed
and quantity, including a	decimal point		immediately by the quantity
for correct reporting			
Enter a valid HCPCS or CI	PT code	J0610 "Injection Calcium	Form locator (box) 44
		Gluconate, per 10 ml" is	
		billed as 1 unit for each	
		10 ml ampul used	

NM HSD MAD is capable of receiving all of the elements when submitted on a claim and **Presbyterian is requiring all elements**. A provider changing their billing system will want to also add information according to the format provided above.

How/Where To Place The NDC On A Claim Form, Continued

Sample Images of the UB04 Claim Form



П	42 RE V. CD.	43 DESCRIPTION	44 HOPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-CO-VERED CHARGES	49
1	####	N 4 # # # # # # # # # GR0.045	J####	MMDDYY	1	## ##	0:00	1

837 P And 837 I Reporting Fields

Billing Or Software Vendor

You will need to notify your billing or software vendor that the NDC is to be reported in the following fields in the 837 format:

Loop	Segme	ent	Information
2410	LIN	02	use the qualifier "N4"
2410	LIN	03	place the 11 digit NDC here

Physician and Clinic Billing for Drugs Obtained Under the 340B Drug Pricing Program

When pharmaceutical manufacturers make their drug products available at the discounted 340B rate, a state Medicaid program cannot invoice the manufacturer for drug rebates for drug items purchased. Furthermore, when a drug item is purchased at 340B prices, the provider cannot bill the Medicaid program more than the actual ingredient cost plus the Medicaid dispensing fee. For the provider to bill correctly as required by law and for the Medicaid program to appropriately limit the payment to a hospital and not invoice the manufacturer for rebates, the hospital must adhere to the following billing procedures when dispensing 340B pharmacy items.

Effective September 1, 2010, NM HSD MAD requires all physicians, regional health centers, family planning organizations, or other clinics that bill for drug items obtained under 340B drug pricing agreements to:

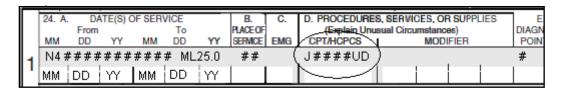
1. Not submit claims to Medicaid for pharmaceutical items acquired through the 340B drug program;

OR

2. If submitting claims for Medicaid recipients for pharmaceutical items acquired through the 340B program, the provider must identify drug items obtained through the 340B program as the billed amount using one of the following methods:

Physician and Clinic Billing for Drugs Obtained Under the 340B Drug Pricing Program, Continued

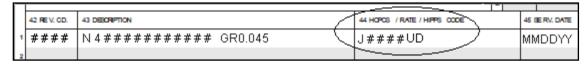
a. CMS1500 Claim: Enter the HCPCS code in form locator 24C followed by the modifier UD.



b. UB04 Claim: For each claim line for the following pharmacy revenue codes,

|--|

include the HCPCS or CPT code immediately followed by the modifier UD in form locator 44. Example, HCPCS J0135 = J0135UD.



Physician and Clinic Billing for Drugs Obtained Under the 340B Drug Pricing Program, Continued

c. When using the 837 transaction, the UD modifier is reported as follows:

837I

Loop 2400 SV2, can send up to 4 modifiers in SV202-3, SV202-4, SV202-5, SV202-6

837P

Loop 2400 SV1, can send up to 4 modifiers in SV101-3, SV101-4, SV101-5, SV101-6

The billed charge for any drug item obtained through the 340B program cannot be more than the 340B acquisition cost plus \$2.50. This applies to all providers using either the UB04 or CMS1500 claim form. Charging more than is allowed by the 340B rules is considered an abuse of the HSD/MAD program. Supplement: 10-03 7

Should you have any questions on the 340B coding requirements, please contact Affiliated Computer Services, Inc. (ACS) at 1-800-299-7304 or (505) 246-0710 and select option 2.