



December 7, 2016

The Deficit Reduction Act of 2005 (DRA) includes provisions about the state collection of data for the purpose of collecting Medicaid drug rebates from drug manufacturers for physician-administered drugs. Since there are often several national drug codes (NDC) linked to a single healthcare common procedure code (HCPC) or current procedural terminology code, the Centers for Medicare & Medicaid Services (CMS) deems that the use of NDC numbers is critical to correctly identify the drug and manufacturer in order to invoice and collect the rebates. The CMS requirement applies to Medicaid and Medicare/Medicaid dual members. CMS does not currently apply this rule to stand-alone Medicare claims. Inpatient services are not included in the DRA and do not require NDC reporting.

PacificSource is enforcing this requirement across all lines—Commercial, Medicare and Medicaid—to continue aligning across our business. In addition to Medicaid, PacificSource already requires the NDC in some cases within our Commercial line, especially if pricing with average wholesale pricing (AWP).

All outpatient claims submitted for reimbursement that contain drug-related codes must include the NDC number, quantity, and unit of measurement to be considered valid. This requirement applies to paper claim forms CMS-1500, UB-04, and Electronic Data Interface (EDI) transactions when billed for drug-related HCPC and CPT codes.

1. What codes require an NDC?

- A. All drug-related HCPC/CPT codes, including unlisted drug codes
 - All J codes
 - Drug-related Q codes
 - Drug-related S codes
 - Drug-related A codes
 - Drug-related CPT codes
 - Drug-related Rev codes

2. Is the NDC required for a completed claim?

- A. Yes. Your claim may be rejected if you do not include the current NDC 11-digit number for each drug-related HCPC/CPT code submitted.
 - The NDC number must be entered with the service lines in Box 24 of the CMS-1500 form, Box 43 of the UB-04, or the LIN03 segment of the HIPAA 837P or 837I.

**See number 8 below, "How do I submit the NDC," for additional details.

3. What NDC information is required?

- A. Valid 11-digit NDC number
- B. NDC unit of measure (F2, GR, MG, ML, UN)
- C. NDC units dispensed—must be greater than 0

4. Is the NDC required in addition to HCPC/CPT codes?

- A. Yes. The NDC must be submitted in addition to the applicable HCPC/CPT and the number of HCPC/CPT units.
- B. A valid HCPC/CPT code with units of service must continue to be entered on the claim form. Pricing is based on the HCPC/CPT codes and units of service.

5. Are the NDC units different from the HCPC/CPT code units?

- A. Yes. The HCPC/CPT code units have not changed. You will bill these units as you have in the past.
- B. NDC units are based on the numeric quantity administered to the patient and unit of measurement (UOM). The UOM codes are:
 - F2 = International Unit
 - GR = Gram
 - ME = Milligram
 - ML = Milliliter
 - UN = Unit

6. Where do I find the NDC?

- A. The NDC is found on the drug container (vial, bottle, etc.). Every drug has a unique NDC. The NDC submitted must be the actual NDC number on the package or container from which the medication was administered.
- B. The NDC number consists of 11 digits with hyphens separating the number into three segments in a 5-4-2 format.

12345 6789 01

Labeler Code Product Code Package Size

- C. Sometimes the NDC on the label does not include 11 digits. If this happens, it will be necessary to add a leading zero to the appropriate section to create a 5-4-2 format.

NDC on Label	Format on Label	Conversion to 5-4-2 Format
05678 123 01	5 3 2	05678 0123 01
5678 0123 01	4 4 2	05678 0123 01
05678 0123 1	5 4 1	05678 0123 01

7. Can I resubmit a charge if the claim is rejected for failure to bill with an NDC?

- A. Yes. All claims that are rejected for failure to bill with an NDC code can be resubmitted with proper NDCs within timely filing guidelines for consideration of payment.

8. How do I submit the NDC?

A. CMS – 1500

- Enter the NDC information in the shaded area of the service lines in Box 24.
 1. “N4”
 2. NDC – **Do not use hyphens**
 3. One space
 4. Unity of Measurement Qualifier
 5. Quantity
 - If entering a whole number, do not use a decimal
 - If entering a fraction, use a decimal with a leading zero
 - Do not use commas

24. A. DATE(S) OF SERVICE						B.	C.	D. PROCEDURES, SERVICES, OR SUPPLIES			E.	F.	G.	H.	I.
From		To				PLACE OF SERVICE	EMG	(Explain Unusual Circumstances)		DIAGNOSIS POINTER	\$ CHARGES	DAYS OR UNITS	EPSCOT Family Plan	ID. QUAL.	
MM	DD	YY	MM	DD	YY			CPT/HCPCS	MODIFIER						
N455513005704 ML0.42															
07	01	11	07	01	11			J0881	UD			25		NPI	
N455513002504 ML0.5															
07	01	11	07	01	11			J0881	UD			100		NPI	

B. UB – 04

- Enter the NDC information in Box 43.
 1. “N4”
 2. NDC – Do not use hyphens
 3. Unity of Measurement Qualifier
 4. Quantity
 - If entering a whole number, do not use a decimal
 - If entering a fraction, use a decimal with a leading zero
 - Do not use commas

42 RE V. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE
0636	N412345678901UN1234.567	J##### [Enter UD for 340B drugs]

C. Electronic Data Interchange – 837 claims

- This applies to both professional (837p) and institutional (837i) claims in the 2410 loop.

LIN – Drug Identification

Example: LIN**N4*01234567891~

LIN is the segment identifier in the loop

N4 represents the product or Service ID Qualifier (National Drug Code in 5-4-2 Format)

01234567891 represents the National Drug Code

CTP – Drug Quantity

Example: CTP****2*UN~

2 represents the quantity

UN represents Composite Unit of Measure

REF – Prescription or Compound Drug Association Number

Example: REF*XZ*123456~

XZ represents the reference Identification Qualifier

123456 represents the Reference Identification (prescriptions number)

** For additional information, please refer to the ASC X12 EDI Technical Report.

9. Who to contact if you need assistance?

A. For additional information, please contact your Provider Service Rep.