National Drug Code Reporting Requirements

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Presented by
Debra Dixon and Penni Wright
Purpose

To familiarize participants with the procedures and timeline for National Drug Code (NDC) reporting requirements
Objectives

• Provide background information – the reason for NDC Reporting
• Define physician-administered and physician-dispensed drugs
• Explain how to identify the NDC
• Illustrate required NDC format for Medi-Cal claims
• Identify the NDC reporting implementation date
Objectives

• Review the impact of NDC reporting on the Medi-Cal claim process
• Illustrate NDC information on the CMS-1500 and UB-04 claim forms
• Convey how NDC information is included with HIPAA 837 Professional and Institutional transactions
• Explain the 340B Drug Pricing Program
Background

- Federal Deficit Reduction Act of 2005
- Medicaid agencies to collect rebates from drug manufacturers for physician-administered or physician-dispensed drugs
Background

• Applicable to products manufactured by companies participating in the federal Medicaid rebate program
• Part 2 provider manual, *Drugs: Contract Drugs List Part 5* (drugscdlp5)
• Inclusion of the NDC on Medi-Cal claims will enable the rebate collection
Physician-Administered Drugs

• Physician-administered or physician-dispensed drugs include:
  – Any covered outpatient drug, otherwise dispensed only upon prescription and approved as a prescription drug under the Federal Food, Drug and Cosmetic Act
Physician-Administered Drugs

- Physician-administered or physician-dispensed drugs include:
  - Dispensed or administered to a recipient by a provider other than a pharmacy (physician’s office, clinic, hospital for outpatient services, etc.)
  - Any method of administration, not limited to injectable drugs
  - *Not required* for drugs included in a global billing
National Drug Code (NDC)

• The NDC identifies a specific prescription drug
• Up to 11 digits in length
• Separated by hyphens (-) into three segments
• Complete NDC is formatted 5-4-2, for a total of 11 digits:
  12345-1234-12
National Drug Code (NDC)

• The NDC is found on the drug container (vial, bottle, or tube)
• The NDC submitted to Medi-Cal must be the actual NDC on the package/container from which the medication was administered
• Do not list any NDC other than the product that was actually dispensed or administered
NDC Format for Claims

- NDCs with fewer than 11 digits must have leading zeros added to complete the 5-4-2 format, 12345-1234-12:
  
  1234-5678-91 = 01234-5678-91
  
  98765-43-21 = 98765-0043-21
  
  67-34-9 = 00067-0034-09
Convert These NDCs!

1234-567-89

12-34-56

98765-4-3
Drug Identification

• How to determine whether a product is a drug:
  – The NDC on the vial or box that contained the drug
  – Lot number and expiration date
  – Statement: “Caution: Federal law prohibits dispensing without prescription”, “Rx only”, or similar statements
April 1, 2009 Implementation

• Beginning with dates of service on or after September 1, 2008 providers encouraged to include NDC on applicable claims

• Claims submitted without the NDC for dates of service September 1, 2008 through March 31, 2009 will not be denied
April 1, 2009 Implementation

- The NDC for physician-administered drugs must be listed in conjunction with the HCPCS Level I, II, or III code on Medi-Cal claims.
- Claims with dates of service on or after April 1, 2009 that do not include the NDC in conjunction with the HCPCS code will be denied.
Medi-Cal Claims

- Claims will continue to be priced based on the HCPCS code, with corresponding NDC information used for drug rebate processing
- Medi-Cal will use only the HCPCS quantities/units for claim reimbursement
- Only those products manufactured by participating companies are reimbursable by Medi-Cal
Medi-Cal Claims

• In some instances, it may be necessary to list multiple NDCs for a single HCPCS procedure code
  – Appropriate dosage requires different strengths or different manufacturers of the same drug

• Include all NDCs on the claim, repeating the HCPCS procedure code
NDC Product ID Qualifier

• For all claim types (CMS-1500, UB-04, HIPAA 837 Professional and Institutional transactions), the NDC information must include the Product ID Qualifier:

N4
Unit of Measurement Qualifier

• For all claim types (CMS-1500, UB-04, HIPAA 837 Professional and Institutional transactions), the NDC information must include the appropriate Unit of Measurement Qualifier:

  F2 = International Unit
  GR = Gram
  ML = Milliliter
  UN = Unit
NDC Information on the CMS-1500

- The NDC Product ID Qualifier and NDC 11-digit number (without hyphens) will be entered in the shaded area of Box 24A (Dates of Service)

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<th>DATE(S) OF SERVICE</th>
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<th>PLACE OF SERVICE</th>
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<th>PROCEDURES, SERVICES, OR SUPPLIES</th>
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NDC Information on the CMS-1500

• The NDC Unit of Measurement Qualifier and 10-digit numeric quantity administered will be entered in the shaded area of Box 24D (Procedures, Services or Supplies)

• The 10-digit numeric quantity consists of the seven-digit whole number (leading zeros), followed by the three-digit decimal (ending zeros), without the decimal point
NDC Information on the CMS-1500

- Five units administered will be entered as follows:

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<th>24. A. DATE(S) OF SERVICE</th>
<th>B. PLACE OF SERVICE</th>
<th>C. EMG</th>
<th>D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)</th>
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NDC Information on the CMS-1500

• Enter the following NDC information:
  – The NDC number on the box is 7811-54-33
  – The quantity administered to the patient is 12.25 grams
NDC Information on the UB-04

- All NDC information will be entered in Box 43 (Description) of the UB-04 claim form:
  - N4 Product ID Qualifier
  - Immediately followed by the 11-digit (without hyphens) NDC number
  - Immediately followed by the Unit of Measurement Qualifier
  - Immediately followed by the 9-digit (6-digit whole number plus 3-digit decimal) quantity
NDC Information on the UB-04

- Thirty units of product with NDC 12345-123-12 is entered on the UB-04 claim form as follows:

```
N412345012312UN000030000
```

- **N4 Product Qualifier** followed by **11-digit NDC**
- **Unit of Measurement Qualifier (UN) followed by 9-digit (6 digits plus 3-digit decimal) quantity**
NDC Information on the UB-04

- Enter the following NDC information:
  - The NDC number on the vial is 3354-11-87
  - The quantity administered to the patient is 124.5 milliliters
NDC on the HIPAA 837 P Transaction

• The NDC is reported in Loop 2410:
  – Field LIN02, enter the Product ID Qualifier “N4”
  – Field LIN03, enter the 11-digit NDC, without hyphens
  – Field CTP04, enter the quantity
  – Field CTP05, enter the Unit of Measurement Qualifier (F2, GR, ML or UN)
NDC on the HIPAA 837 I Transaction

• The NDC is reported in Loop 2410:
  – Field LIN02, enter the Product ID Qualifier “N4”
  – Field LIN03, enter the 11-digit NDC, without hyphens
  – Field CTP04, enter the quantity
  – Field CTP05, enter the Unit of Measurement Qualifier (F2, GR, ML or UN)
340B Drug Pricing Program

- Section 340B of the Public Health Service Act
- Limits the costs of covered outpatient drugs to some providers
- Results in cost savings on pharmaceuticals to those entities/providers
- Pharmaceutical pricing agreement between manufacturer and the Secretary of Health and Human Services
340B Drug Pricing Program

- Manufacturer agrees to charge those entities/providers no more than the average manufacturer price, less a rebate percentage.
- Those entities/providers must charge Medicaid no more than the actual acquisition cost, plus a dispensing/administration fee.
- Excludes these pharmaceuticals from the collection of rebates by Medi-Cal.
340B Drug Pricing Program, UD Modifier

• Providers identify 340B outpatient drugs by including the “UD” modifier
• Medi-Cal will identify claims from 340B entities and exclude those claims from rebate collection
• Applicable HCPCS code is billed with the “UD” modifier
• This is the only use of the “UD” modifier
UD Modifier on the HIPAA 837 P Transaction

- The HCPCS procedure code is reported in Loop 2400, Field SV1.
- If the drug was obtained under the 340B Program, the modifier “UD” will be entered in Loop 2400, Field SV101-3.
UD Modifier on the HIPAA 837 I Transaction

- The HCPCS procedure code is reported in Loop 2400, Field SV202-2
- If the drug was obtained under the 340B Program, the modifier “UD” will be entered in Loop 2400, Field SV202-3
Resources

- Telephone Service Center at 1-800-541-5555
- Online claim completion tutorials, CMS-1500 and UB-04: [http://files.medi-cal.ca.gov/pubsdoco/hipaa/hipaaspecs_home.asp#837](http://files.medi-cal.ca.gov/pubsdoco/hipaa/hipaaspecs_home.asp#837)
Resources

• NDC instructions in the Medi-Cal Part 2 provider manuals:
  – Physician-Administered Drugs: NDC
  – Physician-Administered Drugs – NDC: CMS-1500 Billing Instructions
  – Physician-Administered Drugs – NDC: UB-04 Billing Instructions

• Part 2 provider manuals, Drugs: Contract Drugs List Part 5 (drugscdlp5)
Summary

- Definition of physician-administered or physician-dispensed drugs
- Identification of the NDC
- Report the NDC in 11-digit format
- Implementation date of April 1, 2009
- Processing of claims with NDC information
Summary

- Placement of NDC information on CMS-1500 and UB-04 claim forms
- Placement of NDC information in HIPAA 837 P and 837 I transactions
- 340B Drug Pricing Program and use of the “UD” modifier
Thank You!!
Answer Key

Slide #12, Convert NDCs:

01234-0567-89

00012-0034-56

98765-0004-03
### Answer Key

**Slide #24, NDC on the CMS-1500**

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<th>24. A. DATE(S) OF SERVICE</th>
<th>B. PLACE OF SERVICE</th>
<th>C. EMG</th>
<th>D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)</th>
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### Answer Key

**Slide #27, NDC on the UB-04**

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