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 <u>including a decimal point for correct reporting</u>;**
- **correct reporting of units for the HCPCS, CPT, or revenue code; and**
- **a valid HCPCS, CPT, or revenue code.**

On a <u>CMS 1500 Claim Form</u>:
An NDC is required whenever the provider bills one of the HCPCS or CPT codes listed below. **<u>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.</u>**

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

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.

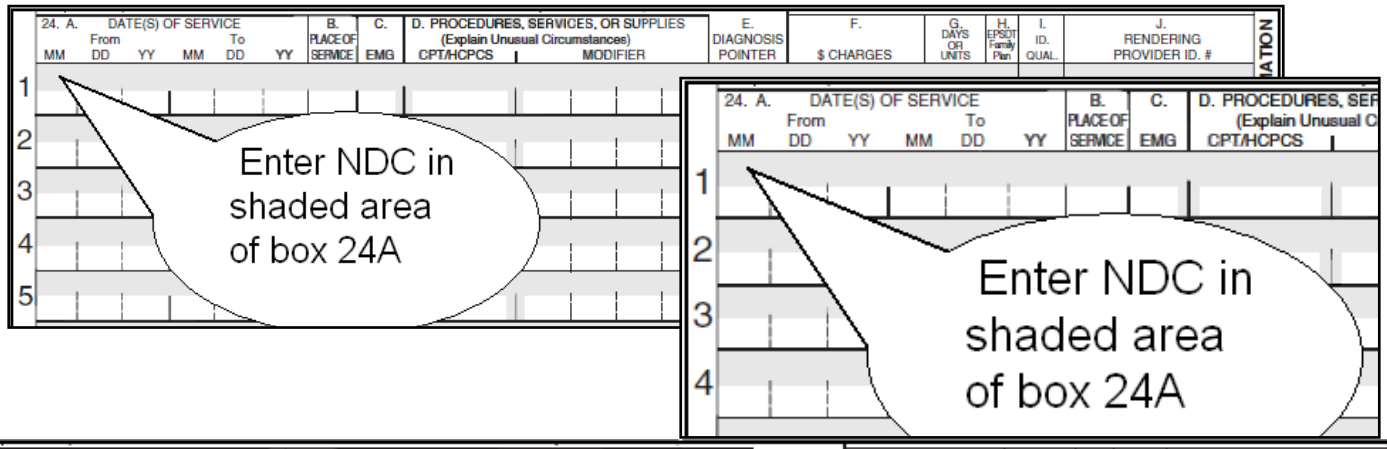
ALL ELEMENTS ARE REQUIRED.

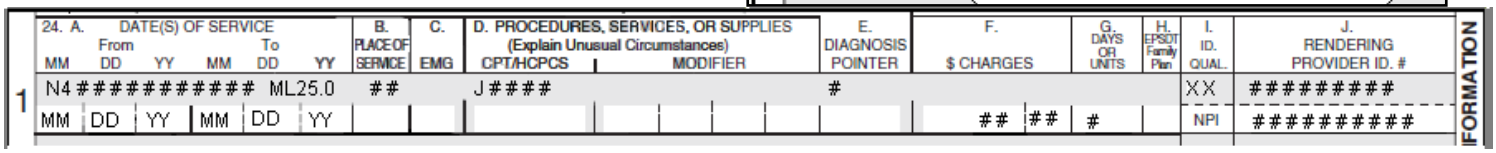
How	Example	Where
Enter 2-digit qualifier "**N4**" immediately followed by 11-digit NDC	NDC 00054352763 is entered as N400054352763	Beginning at left edge, enter NDC in the **shaded area** of box 24A
Enter one of four (4) unit of measure qualifiers; F2 – International Unit / GR - Gram ML - Milliliter / UN - Units and quantity, **including a decimal point for correct reporting**	GR0.045 ML1.0 UN1.000	Immediately following the 11-digit NDC, enter 3 spaces, followed by one of four (4) unit of measure qualifiers followed immediately by the quantity
Enter a valid HCPCS or CPT code	J0610 "Injection Calcium Gluconate, per 10 ml" is billed as 1 unit for each 10 ml ampul used	**Non-shaded area** of box 24D

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

<u>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.</u>

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.

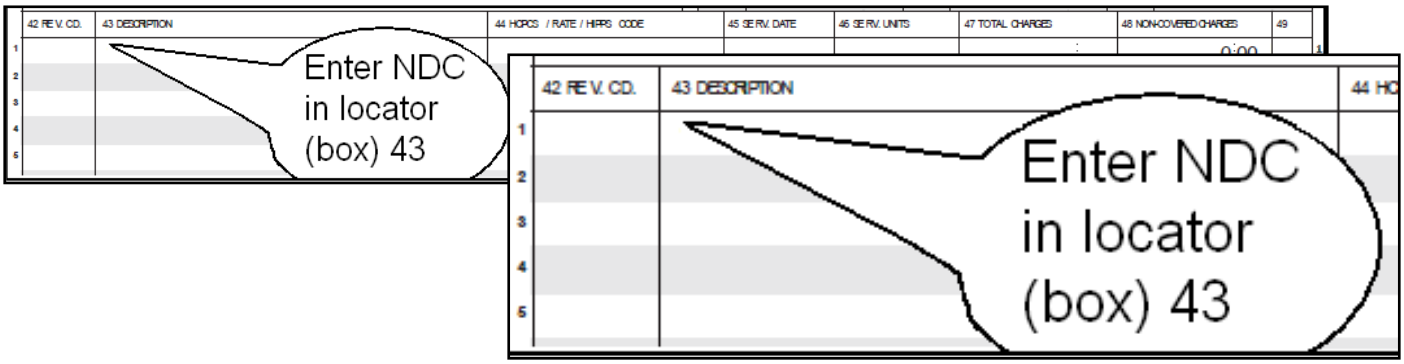
ALL ELEMENTS ARE REQUIRED.

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

NM HSD MAD is capable of receiving all of the elements when submitted on a claim and **<u>Presbyterian is requiring all elements</u>**. 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



42 REV. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49
####	N 4 ########### GR0.045	J####	MMDDYY	1	## ##	0:00	

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	Segment		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.

	24. A. DATE(S) OF SERVICE From MM	DD	YY	To MM	DD	YY	B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances) CPT/HCPCS	MODIFIER				E. DIAGN POIN
1	N4 ###########			ML25.0			##		J####UD					#
	MM	DD	YY	MM	DD	YY								

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

0250	0251	0252	0254	0631	0632	0633	0634	0635	0636

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

	42 REV. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE
1	####	N4 ########### GR0.045	J####UD	MMDDYY
2				

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.