National Drug Code

Billing for Outpatient Drugs Administered in Physician Offices, Urgent Care Settings, Clinics and Outpatient Facilities







- Who Can Not Bill Separately for Drugs?
- What is a National Drug Code (NDC)?
- Where is the NDC found?
- NDC Breakdown
- Why is NDC Required?
- NDC Pricing
- NDC Reference Materials
- Contact Information

Who Can Not Bill Separately for Drugs

- This billing information **does not apply** to outpatient services when an all-inclusive encounter rate, composite rate, per diem rate, or prospective payment includes pharmaceuticals, such as:
 - Federally Qualified Health Centers (FQHCs)
 - Rural Health Centers (RHCs)
 - Indian Health Programs (IHP)
 - End-Stage Renal Disease Facilities (ESRDs)
 - Inpatient Facilities
- These providers do not use this process for submitting claims.

National Drug Codes

What is a National Drug Code (NDC)?

- Drug products are identified and reported using a unique number called the NDC, which serves as a universal product identifier for drugs. These codes are used for billing outpatient administered drugs.
- An NDC consists of 11 digits separated into 3 sections by a hyphen: XXXX-XXX-XX
- The first 5 digits identify the drug labeler/manufacturer, the next 4 digits identify the product and the last 2 digits identify the package size.

NDC 07777-3105-02 Labeler Product Package Code Code

Where is the NDC Found?

- The NDC is found on the drug container (e.g., vial, bottle or tube). The NDC submitted to Nevada Medicaid must be the **actual NDC on the package or container** from which the medication was administered.
- Do not bill for one manufacturer's product and dispense another. Do not bill using invalid or obsolete NDCs.
- Billing an NDC from a reference file when it is not the actual drug being administered is considered fraudulent billing.



NDC Breakdown

- A drug's container label may display less than **1** NDC digits. In this instance, leading 0s must be added to each section to make 11 digits total when submitting the claim to Nevada Medicaid.
- For example: If the NDC shown on the label is 0409-1778-35, then submit NDC 00409-1778-35 on the claim form.
- Additional examples:

NDC # Configuration XXXX-XXXX-XX 4 - 4 - 2	Leading Zero Placement for 5-4-2 Configuration 0XXXX-XXXX-XX 5 - 4 - 2
XXXXX-XXX-XX 5 - 3 - 2	XXXXX-0XXX-XX 5 - 4 - 2
XXXXX-XXXX-X 5 - 4 -1	XXXXX-XXXX-0X 5 - 4 - 2

Why is NDC Required?

- The Deficit Reduction Act (DRA) of 2005 requires State Medicaid programs to collect rebates for physician/outpatient-facility administered drugs and drugs sold through pharmacies.
- This initiative became effective on January 1, 2008.
- The Drug Rebate Program
 - Drug manufacturers who wish to participate must first sign a rebate agreement with the Centers for Medicare & Medicaid Services (CMS).
 - The drug manufacturers pay a rebate (monies) to Nevada Medicaid for the drugs covered by Nevada Medicaid. This is why it is so important to bill with the actual NDC that was administered.
 - This program was enacted out of concern for the costs Medicaid programs were paying for outpatient drugs.

Rebateable Drugs

- State Medicaid programs will only reimburse for drugs if the manufacturer is participating in the Centers for Medicare & Medicaid Services (CMS) Drug Rebate Program.
- Just because a drug is listed on the CMS website as rebateable, it does not guarantee payment by Medicaid. See the Pharmacy Billing Manual for a list of non-covered pharmaceuticals.



- Payment for physician/outpatient-facility administered drugs is calculated on the NDC and NDC unit of measure – **NOT** the HCPCS codes and units.
- Payment is calculated on the lesser-of cost algorithm:
 - Wholesale Acquisition Cost (WAC) + 2%
 - Federal Upper Limit
 - State Maximum Allowable Cost (MAC)
 - Department of Justice (DOJ) minus 15%
 - Gross Amount Due
 - Usual and Customary
 - Actual Acquisition Cost (AAC)

NDC Reference Materials

Reminder: Web Announcement 507

August 15, 2012 Announcement 507

Reminders When Billing Physician-Administered Drugs

The following reminders are provided to ensure physician-administered drugs are billed appropriately.

- Use CPT codes to bill all covered vaccines that are not part of the Vaccines for Children (VFC) program. The administration fee is reimbursed for VFC drugs.
- Use HCPCS codes to bill Federal Drug Administration (FDA)-approved intrauterine devices (IUDs).
- Use HCPCS codes to bill radiopharmaceuticals and contrast agents.
- All other physician-administered drugs are reimbursed by National Drug Code (NDC) and the appropriate NDC unit of measure. Both items must be included on the claim form.

NDC Reference Materials

- Reference material for NDC is located at: <u>www.medicaid.nv.gov</u>.
- Select **Providers** from the menu bar, then **NDC** from the sub-menu.



Is the NDC Rebateable?



Nevada Department of Health and Human Services

Division of Health Care Financing and Policy Provider Portal



NDC Reference – Limitations

- The Pharmacy Billing Manual contains additional information regarding billing.
- Select **Pharmacy** from the menu bar, then **Billing Information**, _____
 - then **Pharmacy Billing Manual**.



Health and	epartment of d Human Services alth Care Financing and Pol	cy Provider Portal		Search	Contact Us DHCFP Ho	lome Q
♠ Providers EVS	Pharmacy- Prior Authori	ation - Quick Links - Calendar				
Announcements Lates <u>Web Announcement</u> Aetna Better Health Manag	Announcements/Training Billing Information Diabetic Supplies	Pharmacy Billing Information Billing Manual			Notifications The Nevada Medicaid Provider Web Portal (PWP) Upgrade has been implemented. With this upgrade.	þ
Recipients to be Given a 9 <u>Web Announcement</u> Attention Provider Type 14 Outpatient Treatment): No Claims Paying Incorrectly	MAC Information DUR	Title Pharmacy Billing Manual Appendix A - Instructions for Completing the NCPDP Universal Claim Form (Ver 5.1) Appendix B - NCPDP D.0 Payer Sheet for Pharmacy Providers	Last Update 04/12/17 02/04/14 02/21/14		Dental/Orthodontia, Adult Day Health Care (ADHC) and Personal Care Services (PCS) providers can genera prior authorization request via the Provider Web Portal. [See Web	
Web Announcement Attention Provider Type 34 Regarding Claims for Proce	Preferred Drug List	Appendix C - Other Carrier Code List Appendix D - Quantity Limits Appendix E - Drugs Not Requiring Whole Quantities	07/24/09 06/14/17 10/24/13		Announcement 1415] The Nevada Provider Web Portal up resulted in a complete change in the	e
97598, 97602, 97605 and Web Announcement Attention All Providers: In-P Available in Reno Regarding the Provider Web Portal (PW	Prior Authorizations on	Date Title July 31, 2017 Drug Use Review (DUR) Board Approves Changes Effective August 1, 2017 May 5, 2017 Criteria for Practitioners to Dispense Medications			website and its associated webpages Users of the secure Provider Web Pc are advised to remove all previously bookmarked pages and clear any previous activity in your browser to a	Portal y assist

Medicaid Drug Rebate Program



Medicaid Drug Rebate Program Data



CMS Drug Product Data Zip File

4	Name	Туре	Modified	Size	Ratio	Packed	Path
	Product 12012,txt	Text Docume	5/11/2012 7:10 AM	6,125,6	90%	624,678	
	Product 1Q2013.txt	Text Docume	5/7/2013 9:26 AM	6,574,1	90%	682,325	č
	Product 22011.txt	Text Docume	3/22/2013 10:32 AM	5,492,4	90%	547,934	
	Product 2Q2012.txt	Text Docume	2/26/2013 3:36 PM	6,138,7	90%	625,723	
	Product 32011.txt	Text Docume	11/7/2011 12:25 PM	6,043,1	90%	614,319	
	Product 3Q2012.txt	Text Docume	2/26/2013 3:35 PM	6,707,7	90%	689,926	
	Product 4Q2012.txt	Text Docume	2/26/2013 3:35 PM	6,732,7	90%	694,112	
	Products42011.txt	Text Docume	2/6/2012 9:02 AM	6,073,2	90%	617,694	

- This data is presented as of the most recent rebate reporting quarter under the Medicaid Drug Rebate Program. Changes can be made anytime during or after the displayed quarter.
- Select the appropriate file.
- The file Name indicates the date range to which it applies, i.e., Product1Q2013 = First Quarter of 2013.

CMS Drug Product Data List

File Edit Format View Help	
ELI LILLY AND COMPANY	000021200015210000000 EA 0000010000406201205012012NRAMYVID
ELI LILLY AND COMPANY	000021407015210000000 ML 00000100000930199009301990NRQUINIDINE GLUCONATE
ELI LILLY AND COMPANY	000021975905210000000 ML 00000900001123201003282011NRAXIRON
ELI LILLY AND COMPANY	000023004751210000000 CAP00000040000227200103022001NRPROZAC WEEKLY
ELI LILLY AND COMPANY	000023227305210000000 CAP00000010001126200212202002NRSTRATTERA
ELI LILLY AND COMPANY	000023228305210000000 CAP00000010001126200212202002NRSTRATTERA
ELI LILLY AND COMPANY	000023229305210000000 CAP00000010001126200212202002NRSTRATTERA
ELI LILLY AND COMPANY	00002323030S210000000CAP0000010000409200707162007NRSYMBYAX
ELI LILLY AND COMPANY	0000232310112102282013CAP00000010001224200301152004NRSYMBYAX

- Use the search function to find your NDC (Control + F)
- Column 1 Indicates the Manufacturer
- Column 2 Lists the NDC number

Breakdown and Unit of Measure

NDC Unit of Measure

- The NDC Billing Unit Standard was created to eliminate translation conflicts between manufacturers, CMS and State Medicaid programs. This is called the NDC unit of measure.
- Three units of measure describe ALL drugs:
 - Each (EA)
 - Milliliter (ML)
 - Grams (GM)
- Use the following rules for guidance:
 - If a drug comes in a vial in powder form and has to be reconstituted before administration, bill each vial (unit/each) used (EA).
 - If a drug comes in a vial in liquid form, bill in milliliters (ML).
 - Grams are usually used when an ointment, cream, inhaler or bulk powder in a jar are dispensed. (GR).
- For additional information, refer to the NDC Billing Reference at
 - <u>www.medicaid.nv.gov</u>. Select "NDC" from the "Providers" tab.

NDC Unit of Measure

- The NDC and the NDC unit of measure must be provided on all claims.
- The NDC unit of measure is expressed in metric units.
- You may enter a partial unit using up to three decimal places.
 - Partial quantities are only accepted for specific drugs listed in the Appendix of the Pharmacy Billing Manual.

Examples:

- Epogen is packaged as a 3000u/ML injection, 2000u were administered = NDC unit of measure of .667 ML
- Ketorolac is packaged as a 60mg/2ml injection,
 60 mg were administered = NDC unit of measure of 2 ML
- Venofer is packaged as a 20mg/ML injection, 100 mg were administered = NDC unit of measure of 5 ML

NDC Billing on the CMS-1500 Claim Form

CMS-1500 Billing Instructions



CMS-1500 Billing Information

- 1. Field 24A: In the top, shaded half of the claim line, enter qualifier N4 followed by the drug's **1**-digit NDC. The first, second and third sections of the NDC (separated by hyphens on the container label) must contain 5, 4 and 2 digits, respectively, when entered on the claim form.
- 2. For multi-ingredient compounds, list each component separately, on its own claim line with the 11-digit NDC in this field.

CMS-1500 Form: Field 24A



- "N4" will always be placed before the 1-digit NDC.
- NDC will always be entered in the UPPER shaded line of Field 24A, above the date of service.

CMS-1500 Form: Field 24D



- The NDC unit of measure will always be entered into the UPPER shaded line of Field 24D. (The NDC unit of measure is NOT entered in Field 24G.)
- Do NOT include the HCPCS code in the lower, unshaded line of Field 24D.
- Remember to convert the dose administered to the correct unit of measure, i.e., 150mg/1ml = 1.

CMS-1500 Form: Fields 24A – 24J

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NDC Billing on the UB-04 Claim Form

UB-04 Billing Instructions

UB Claim Form Instructions

Recipient Requests for Copy of Functional

Assessment Service Plan

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Providers EVS Pharmacy Prio	Authorization - Quick Links - Calendar						
Announcements/Newsletters Billing Information	Billing Information	Notifications The Nevada Medicaid Provider					
Ae Electronic Claims/EDI Or E-Prescribing 90-Day Ch Forms 90-Day With NDC I I He Provider Enrollment ation Re Provider Training actly Web Attrion Provider Type 34 (Therapy): Attention Provider Type 34 (Therapy):	Are You Ready? Attention All Providers: Requirements on When to Use the National an Ordering, Prescribing or Referring (OPR) Provider on Claims [Web A ICD-10 Frequently Asked Questions [Review Now]	Attention All Providers: Requirements on When to Use the National Provider Identifier (NPI) of an Ordering, Prescribing or Referring (OPR) Provider on Claims [Web Announcement 850] ICD-10 Frequently Asked Questions [Review Now] FAQs: National Correct Coding Initiative (NCCI) Claim Review Edits [Review Now] Clinical Claim Editor FAQs Updated December 5, 2011 [Review Now]					
Update Regarding Claims for Procedure Codes 97597, 97598, 97602, 97605 and 97606 Web Announcement 1420 Attention All Providers: In-Person Provider	Paper Claim Form Instructions The following instructions are for paper claims. For <i>electronic</i> claim requ professionals can refer to Companion Guides for transactions 837D, 837	-		update resulted change in the w associated well the secure Pro are advised to previously bool	vebsite and its opages. Users vider Web Por remove all	ts is of ortal	
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UB-04 Form: Fields 44 – 46

44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS
Leave this field BLANK for NDC claims	8/5/13	Leave BLANK
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UB-04 Form: Fields 42 – 46

42 REV. C). 43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49	1
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Third Party Liability and Medicare Crossover Claims

NDC and Third Party Liability (TPL)

- The NDC and NDC unit of measure must be on the claim when the claim is submitted to Medicaid. This includes:
 - Medicare Crossover Claims
 - Claims involving commercial or private carriers

Contact Information

- Nevada Physician-Administered Drug (NVPAD) claims are submitted to:
 - Nevada Medicaid
 P.O. Box 30042
 Reno, NV 89520
- For questions regarding the manner in which an NVPAD claim processed, contact:
 - (877) 638-3472, use the option for Claims

Contact Information

 For questions regarding NDC pricing or NDC unit of measure limitations, contact:

OptumRx Technical Call Center

(866) 244-8554

Thank You