# National Drug Code Frequently Asked Questions

The Federal Deficit Reduction Act of 2005 and the Patient Protection and Affordable Care Act of 2010 have required changes to the way drugs are billed to State Medicaid programs.

The two sections that follow provide details on Fee-For-Service (FFS) and Managed Care Organization (MCO) Claims.

## Fee-for-service claims

### Q: Why does Nevada Medicaid require a National Drug Code (NDC) on outpatient claims?

**A:** The Federal Deficit Reduction Act of 2005 mandated fee-for-service State Medicaid programs to capture and report the NDC for physician/outpatient-facility administered drugs in order to receive federal funding. This requirement applies to electronic transactions 837P and 837I, and to claims submitted using Direct Data Entry (DDE) through the Provider Web Portal (PWP).

### Q: What will happen if Nevada Medicaid fails to capture and report NDC data?

**A:** Nevada Medicaid could lose federal funding for pharmacy claims, which may cause state costs to increase.

### Q: How do providers know which drugs are eligible for rebate?

**A:** The drug manufacturers must participate in the Federal Drug Rebate program in order for Nevada Medicaid to pay for the drug. The Centers for Medicare & Medicaid Services (CMS) website contains the complete list of drugs that are eligible for rebate (see Drug Product Data [zip, 570kb] posted at https://www.medicaid.gov/medicaid/prescription-drugs/medicaid-drug-rebate-program/medicaid-drug-rebate-program-data

If a drug is not eligible for rebate, Nevada Medicaid will return a denied edit on the provider's Remittance Advice (RA) stating Drug Not Rebateable.

### Q: Which Nevada Medicaid provider types are affected by this requirement?

**A:** For Professional claims, provider types 14, 17, 20, 21, 22, 24, 25, 27, 36, 45, 72, 74 and 77 are affected. For Institutional claims, provider types 12, 29 and 64 are affected.

### Q: Are hospitals required to submit an NDC?

**A:** Hospitals must submit an NDC if the claim is for outpatient services. An NDC is not required for inpatient services, as those services are paid at an all-inclusive rate.

### Q: Is the NDC required if Medicaid is not the primary payor, i.e., on Third Party Liability claims?

**A:** Yes. NDC and NDC quantity must be used on claims where Medicaid is not the primary payor.

### Q: Is an NDC required on Medicare Crossover Claims?

**A:** Yes. Even though Medicare may not require the submission of an NDC, it must be included on claims that will cross over to Nevada Medicaid.

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### Q: How are NDC claims reimbursed?

**A:** Payment for physician/outpatient-facility administered drugs is based on the NDC and NDC quantity using the lowest cost algorithm.

Pricing for all drugs and supplies (except for vaccinations) is always the "lesser of":

- National Average Drug Acquisition Cost (NADAC) + Dispensing Fee
- Wholesale Acquisition Cost (WAC) + Dispensing Fee
- Federal Upper Limit (FUL) + Dispensing Fee
- Maximum Allowable Cost (MAC) + Dispensing Fee
- Department of Justice (DOJ) – 15% + Dispensing Fee
- Gross Amount Due (Field 430-DU) (Submitted)
- Usual and Customary (Field 425-DQ) (Submitted)
- Actual Acquisition Cost (AAC) (Submitted)

### Q: Where do providers find the NDC in order to enter it on the claim?

**A:** Each drug package shows the NDC for the drug. Bill the NDC for the actual drug that is administered. Billing an NDC from a reference file, e.g., Redbook, when it is not the actual drug administered is considered fraudulent billing.

### Q: Where does the NDC go on the claim?

**A:** Billing instructions are online at www.medicaid.nv.gov in the 837P and 837I Companion Guides (select Electronic Claims/EDI from the Providers menu). For DDE claim submission instructions, see PWP User Manual Chapter 3 Claims. Please remember to include qualifier N4 followed by the 11-digit NDC without any dashes, spaces, hyphens. Nevada Medicaid requires an NDC, an NDC quantity and the Healthcare Common Procedure Coding System (HCPCS) code for each claim line with a physician-administered drug.

### Q: Will providers still be allowed to bill for administration costs of the drug?

**A:** Yes. Providers can submit claims for administration of the drug using the appropriate CPT code.

### Q: Questions?

**A:** Nevada Medicaid providers may direct their questions to Nevada Medicaid. The "Contact Us" webpage at www.medicaid.nv.gov provides contact information.

## Managed Care Organization (MCO) claims

### Q: Why does Nevada Medicaid require a National Drug Code (NDC) on outpatient claims?

**A:** The Patient Protection and Affordable Care Act of 2010 requires all States to capture and report NDC data for all drug claims covered by contracted MCO programs. All States utilizing MCO coverage must include utilization data reported by each MCO vendor when requesting quarterly rebates from manufacturers as well as in their quarterly

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utilization reports to the Centers for Medicare & Medicaid Services.

To facilitate this federal mandate, Nevada Medicaid and all Nevada MCO vendors will require the NDC and the NDC quantity be submitted for all drug claims including pharmacy and physician/outpatient-facility administered drugs on and after March 23, 2010.

**Q: Which providers are affected by the Patient Protection and Affordable Care Act of 2010?**

**A:** All providers who submit claims for drugs, including pharmacy and physician/outpatient facilities providing services to a Nevada MCO.

**Q: Is an NDC required if the MCO is not the primary payer, i.e., on Third Party Liability claims?**

**A:** NDC and NDC quantity must be contained in all claims where the MCO is responsible for payment of all or part of the claim.

**Q: Is an NDC required on Medicare Crossover Claims?**

**A:** Yes. Even though Medicare may not require the submission of an NDC, it must be included on claims that will cross over to the MCO.

**Q: Where do providers find the NDC in order to enter it on the claim?**

**A:** Each drug package shows the NDC for the drug. Bill the NDC for the actual drug that is administered. Billing an NDC from a reference file, e.g., Redbook, when it is not the actual drug administered is considered fraudulent billing.

**Q: Are diagnostics, radiopharmaceuticals and immunizations exempt from the NDC reporting requirement?**

**A:** Some are exempt. Please refer to the individual MCO plan for specific billing requirements.

**Q: Questions?**

**A:** Contracted MCO providers may send their questions to the appropriate MCO. Please see the "Contact Us" webpage at www.medicaid.nv.gov for the list of current MCOs and their contact information.