PHARMACEUTICALS NDC BILLING REQUIREMENTS POLICY

This policy applies to Participating and Non-participating providers who render services to Neighborhood Health Plan of Rhode Island (Neighborhood) subscribers covered under the following plans: Access (MED, CSN, SUB), Unity (RHO), Trust (RHE, RHP) and Health Benefit Exchange Commercial plans (Secure**,** Value, Community, Plus, Standard, Choice, Partner, Premier)

Members covered under the Extended Family Planning (EFP) plan may not be eligible for all services. EFP is not a comprehensive benefit package.

Benefit coverage limits may apply. It is the provider's responsibility to verify eligibility, coverage and authorization criteria prior to rendering services.

OVERVIEW

Effective November 1, 2010, Neighborhood Health Plan of Rhode Island (Neighborhood) will require National Drug Codes (NDC) on claims in addition to the standard CPT/HCPCS codes for CMS 1500 claims submission to be compliant with the Federal Deficit Reduction Act of 2005 (DRA).

NDC FOR MEDICAID:
Why do I have to start billing with National Drug Codes (NDCs) in addition to HCPCS codes?
The Deficit Reduction Act of 2005 (DRA) includes new provisions regarding State collection of data for the purpose of collecting Medicaid drug rebates from drug manufacturers for certain administered drugs. Section 6002 of the DRA adds section1927 (a)(7) to the Social Security Act to require States to collect rebates on physician administered drugs. In order for Federal Financial Participation (FFP) to be available for these drugs, the State must provide collection and submission of utilization data in order to secure rebates. Since there are often several NDCs linked to a single Healthcare Common Procedure Coding System (HCPCS) code, the Centers for Medicare and Medicaid Services (CMS) deem that the use of NDC numbers is critical to correctly identify the drug and manufacturer in order to invoice and collect the rebates.

What is the Drug Rebate Program?
The Medicaid Drug Rebate Program was created by the Omnibus Budget Reconciliation Act of 1990 (OBRA '90) which added Section 1927 to the Social Security Act and became effective on January 1, 1991. The law requires that drug manufacturers enter into an agreement with the Centers for Medicare and Medicaid Services (CMS) to provide rebates for their drug products that are paid for by Medicaid. Manufacturers that do not sign an agreement with CMS are not eligible for federal Medicaid coverage of their products. Since 1991, it has been required that outpatient Medicaid pharmacy providers dispense only rebate able drugs and bill with the NDCs. Now, with the Deficit Reduction Act of 2005, this requirement is being expanded to include physician-administered drugs.

What is an NDC?
The National Drug Code (NDC) is the number which identifies a drug. The NDC number consists

of 11 digits in a 5-4-2 format. The first 5 digits identify the labeler code representing the manufacturer of the drug and are assigned by the Food and Drug Administration (FDA). The next 4 digits identify the specific drug product and are assigned by the manufacturer. The last 2 digits define the product package size and are also assigned by the manufacturer. Some packages will display less than 11 digits, but leading "0's" can be assumed and need to be used when billing. For example:

XXXX-XXXX-XX = 0XXXX-XXXX-XX
XXXXX-XXX-XX = XXXXX-0XXX-XX
XXXXX-XXXX-X = XXXXX-XXXX-0X

The NDC is found on the drug container, i.e. vial, bottle, tube. <u>The NDC submitted to Medicaid must be the actual NDC number on the package or container from which the medication was administered.</u> Do not bill for one manufacturer's product and dispense another. The benefits of accurate billing include reduced audits, telephone calls, and manufacturers' disputes of their rebate invoices. It is considered a fraudulent billing practice to bill using an NDC other than the one administered.

BILLING REQUIREMENTS

Requirements for paper Submission

CMS-1500 form- Enter NDC in the shaded area of box 24A and HCPCS code in 24D. (see image example)

24. A.	DATE(S) OF SERVICE					B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances) CPT/HCPCS	MODIFIER	E. DIAGNOSIS POINTER	F. $ CHARGES	G. DAYS OR UNITS	
	From MM	DD	YY	To MM	DD	YY								
N400053759601ML160													
	11	01	14	11	01	14	11		J1562		A-B	500 00	1	

CMS-1450/UB form- Enter NDC in field locator 43 and HCPCS code in 44. (see image example)

42 REV. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	
0636	N460125598741UN1111.234	J3407	07012015	1	150 00	

     ↑   ↑   ↑

11 digit NDC   Unit of   Unit Quantity

             Measurement

             Qualifier *

*Enter the NDC qualifier of N4, followed by an 11-digit NDC number (use leading zeros when needed), and followed by the two letter abbreviation for units of measurement and the dosage quantity administered. Do not enter a space between the qualifier and NDC. Do not enter hyphens or spaces within the NDC number. **The NDC number submitted to Neighborhood must be**

the actual **NDC** number on the package or container from which the medication was administered.

Units of Measurement are:
F2 = International Unit
GR = Gram
ML = Milliliter
UN = Unit

*Note – NDC units are not the same as HCPCS units.

__Requirements for EDI 837P/837I Submission__

Reporting NDC Information in 837 Claim Formats LIN Segment – Drug Identification e.g., LIN**N4*01234567891		
LIN02	N4	N4 Qualifier identifies NDC being billed
LIN03	Actual NDC e.g., 01234 5678 91	Report NDC in the 11 digit format (5-4-2). Do not use hyphens or spaces.
CTP Segment – Drug Segment e.g., CTP****2*UN		
CTP04	Dispensing Quantity	e.g., 2
CTP05	Unit of Measure Value	Values are: F2 = International Unit GR = Gram ML = Milliliter UN = Unit

Reporting Multiple NDCs (Including Compound Drugs)
To bill a procedure code with multiple NDCs:

Paper
- If drug is comprised of more than one ingredient, repeat the HCPCS code on separate lines for each unique NDC code. Use KP modifier for the first drug of a multi-drug unit dose formulation and KQ modifier for the second or subsequent drug formulation.

- If dosage requires use of more than one package of the same drug, repeat the HCPCS code on separate lines and list the corresponding NDC codes.

EDI
- Repeat the 2410 Loop up to 25 iterations to report the NDC and its information as instructed above for as many drug components as necessary. The sum of the CTP03 unit price multiplied by the CTP04 Dispensing Quantity should equal the service line charge amount reported in Loop 2400 SV102.

Reporting Partially Administered Drugs
Bill using the HCPCS code with the corresponding units administered. When calculating the NDC units, the HCPCS code units should be converted to the NDC units using the proper decimal units.

Reporting Drugs supplied by the Patient but Administered by Physician
Submit the appropriate administration code and submit the drug code with charge amount of zero.

REIMBURSEMENT CRITERIA

Neighborhood will reject the claim if:
- Invalid NDC Code
- Invalid NDC Code Measurement Type
- Invalid NDC Code Quantity
- Missing NDC Code
- Missing NDC Code Measurement Type
- Missing NDC Code Quantity
- NDC Code Required for Line
- NDC not appropriate for J-Code

Claims will deny for
- Invalid or missing HCPCS code

Neighborhood will not reimburse
- Discarded drugs from multi-use vials

List of codes that require the NDC:
Neighborhood requires 1500 and UB outpatient claims with the following Jcodes to include a corresponding NDC code. These Jcodes submitted without valid corresponding NDC will reject.

J0129	J0470	J0698	J1100	J1458	J1745	J2274	J2597	J3030	J3471	J7302	J7640	J9055	J9230
J0130	J0475	J0702	J1110	J1459	J1750	J2278	J2650	J3060	J3472	J7307	J7644	J9060	J9245
J0132	J0476	J0706	J1120	J1460	J1786	J2280	J2675	J3070	J3473	J7308	J7665	J9065	J9250
J0133	J0480	J0712	J1160	J1556	J1790	J2300	J2680	J3095	J3475	J7309	J7669	J9070	J9260
J0135	J0485	J0713	J1162	J1557	J1800	J2310	J2690	J3101	J3480	J7310	J7674	J9098	J9261
J0153	J0490	J0715	J1165	J1559	J1815	J2315	J2700	J3105	J3485	J7311	J7682	J9100	J9262
J0171	J0500	J0716	J1170	J1560	J1817	J2320	J2704	J3110	J3486	J7312	J7686	J9110	J9263
J0178	J0515	J0717	J1190	J1561	J1826	J2323	J2710	J3121	J3489	J7316	J7500	J9120	J9264
J0180	J0558	J0720	J1200	J1562	J1830	J2325	J2720	J3145	J7030	J7500	J8501	J9130	J9266
J0205	J0561	J0725	J1205	J1566	J1835	J2353	J2724	J3230	J7040	J7501	J8510	J9150	J9267
J0207	J0571	J0735	J1212	J1569	J1840	J2354	J2730	J3240	J7042	J7502	J8515	J9151	J9268
J0210	J0572	J0740	J1230	J1570	J1850	J2355	J2760	J3243	J7050	J7504	J8520	J9155	J9280
J0215	J0573	J0743	J1240	J1572	J1885	J2357	J2765	J3246	J7060	J7505	J8521	J9160	J9293
J0220	J0574	J0744	J1245	J1580	J1930	J2358	J2770	J3250	J7070	J7506	J8530	J9171	J9300
J0221	J0575	J0745	J1250	J1590	J1931	J2360	J2778	J3260	J7100	J7507	J8540	J9175	J9301
J0256	J0583	J0760	J1260	J1595	J1940	J2370	J2780	J3262	J7110	J7508	J8560	J9178	J9302
J0257	J0585	J0770	J1265	J1600	J1945	J2400	J2783	J3265	J7120	J7509	J8562	J9179	J9303
J0270	J0586	J0775	J1267	J1602	J1950	J2405	J2785	J3285	J7178	J7510	J8565	J9181	J9305
J0275	J0587	J0780	J1270	J1610	J1953	J2410	J2790	J3300	J7180	J7511	J8600	J9185	J9306
J0278	J0588	J0795	J1290	J1620	J1955	J2425	J2791	J3301	J7181	J7513	J8610	J9190	J9307
J0280	J0592	J0800	J1300	J1626	J1956	J2426	J2792	J3302	J7182	J7515	J8700	J9200	J9310
J0282	J0594	J0833	J1322	J1630	J1960	J2430	J2793	J3303	J7183	J7516	J8705	J9201	J9315
J0285	J0595	J0834	J1324	J1631	J1980	J2440	J2794	J3305	J7185	J7517	J9000	J9202	J9320
J0287	J0597	J0840	J1325	J1640	J1990	J2460	J2795	J3315	J7186	J7518	J9010	J9206	J9328
J0288	J0598	J0850	J1327	J1642	J2001	J2469	J2796	J3320	J7187	J7520	J9015	J9207	J9330
J0289	J0600	J0878	J1335	J1644	J2010	J2501	J2800	J3357	J7189	J7525	J9017	J9208	J9340
J0290	J0610	J0881	J1364	J1645	J2020	J2503	J2810	J3360	J7190	J7527	J9019	J9209	J9351
J0295	J0630	J0885	J1380	J1650	J2060	J2504	J2820	J3364	J7192	J7605	J9020	J9211	J9354
J0300	J0636	J0894	J1410	J1652	J2150	J2505	J2850	J3365	J7193	J7606	J9025	J9212	J9355
J0330	J0637	J0895	J1430	J1655	J2170	J2507	J2916	J3370	J7194	J7608	J9027	J9213	J9357
J0348	J0638	J0897	J1435	J1670	J2175	J2510	J2920	J3385	J7195	J7611	J9031	J9214	J9360
J0350	J0640	J0945	J1436	J1720	J2180	J2515	J2930	J3396	J7196	J7612	J9033	J9215	J9370
J0360	J0641	J1000	J1438	J1725	J2185	J2540	J2941	J3410	J7197	J7613	J9035	J9216	J9371
J0364	J0670	J1020	J1442	J1730	J2210	J2543	J2950	J3411	J7198	J7614	J9040	J9217	J9390
J0365	J0690	J1030	J1446	J1740	J2212	J2545	J2993	J3415	J7199	J7620	J9041	J9218	J9395
J0400	J0692	J1040	J1450	J1741	J2248	J2550	J2995	J3420	J7200	J7626	J9042	J9219	J9400
J0401	J0694	J1050	J1451	J1742	J2250	J2560	J2997	J3430	J7201	J7631	J9043	J9225	J9600
J0456	J0696	J1071	J1453	J1743	J2260	J2562	J3000	J3465	J7300	J7633	J9047	J9226	
J0461	J0697	J1094	J1457	J1744	J2270	J2590	J3010	J3470	J7301	J7639	J9050	J9228	

REFERENCES
Rhode Island EOHHS: Instructions for billing NDC on CMS-1500 Form http://www.eohhs.ri.gov/Portals/0/Uploads/Documents/Billing%20NDC%20on%20the%20CMS%201500.pdf