Network Notification

Date: March 7, 2012          Number: 131
TO: All BMC HealthNet Plan Providers
FROM: BMC HealthNet Plan
SUBJECT: Billing Change- New National Drug Code Billing Requirements

PRODUCT: MassHealth ☒ Commonwealth Care ☐ Commercial ☐

5/18/2012 – Please note that the June 1 effective date of this Network Notification has been postponed pending an update from MassHealth. We will notify providers of the new effective date when it is announced.

Summary

To meet compliance standards outlined in the Deficit Reduction Act (DRA) of 2005 and the Commonwealth of Massachusetts regulations, effective with date of service June 1, 2012, BMC HealthNet Plan (the Plan) will require the 11 digit national Drug Code Number (NDC) to be reported on all qualifying claim forms when injectable physician-administered drugs are administered in the office or an outpatient setting; this requirement excludes applicable vaccines/immunizations.

Providers will need to submit claims with both HCPCS and NDC codes to the Plan with the exact NDC that appears on the medication packaging in the 5-4-2 digit format (i.e., xxxxx-xxxx-xx), as well as the NDC units and descriptors. This coding requirement will apply only to all BMC HealthNet Plan MassHealth members. Failure to submit the exact applicable NDC number, units and descriptors administered to the MassHealth member will result in a front-end rejection and/or denial of the claim line that required NDC reporting.

BMCHHealthNetPlan has updated the General Billing and Coding Reimbursement Policy to include these compliance standards related to NDC reporting.

A detailed guideline related to frequently asked questions regarding NDC reporting requirements follows for your reference.

Questions?
If you have any questions about this Network Notification, please contact your provider relations representative or call the provider line at 1-888-566-0008. All BMC HealthNet Plan Network Notifications are available online at bmchp.org.

**NDC Reporting Requirements**

**Frequently Asked Questions**

1. **Why do I have to bill with national drug codes (NDCs) in addition to Healthcare Common Procedure Coding System (HCPCS) codes?**

The Deficit Reduction Act of 2005 (DRA) includes provisions about the state collecting data regarding Medicaid drug rebates from drug manufacturers for physician-administered drugs. Since there are often several NDCs linked to a single HCPCS code, the Centers for Medicare & Medicaid Services (CMS) deems that the use of NDC numbers is critical to correctly identifying the drug and manufacturer in order to invoice and collect the rebates.

2. **What is the Drug Rebate Program?**

The Medicaid Drug Rebate Program was created by the Omnibus Budget Reconciliation Act of 1990 (OBRA ’90) and became effective January 1, 1991. The law requires drug manufacturers to enter into an agreement with CMS to provide rebates for their drug products that are paid for by Medicaid. Outpatient Medicaid pharmacy providers have billed with NDCs and requested rebates since 1991. The DRA expanded the rebate requirement to physician-administered drugs.

3. **What is an NDC?**

An NDC is a universal number that identifies a drug. The NDC number consists of 11 digits in a 5-4-2 format. The first five digits identify the manufacturer of the drug and are assigned by the Food and Drug Administration. The remaining digits are assigned by the manufacturer and identify the specific product and package size.

Some packages will display fewer than 11 digits, but leading zeroes can be assumed and need to be used when billing. For example:

<table>
<thead>
<tr>
<th>NDC on label</th>
<th>Configuration on label</th>
<th>NDC in required 5-4-2 format</th>
</tr>
</thead>
<tbody>
<tr>
<td>05678-123-01</td>
<td>5-3-2</td>
<td>05678-0123-01</td>
</tr>
<tr>
<td>5678-0123-01</td>
<td>4-4-2</td>
<td>05678-0123-01</td>
</tr>
<tr>
<td>05678-0123-1</td>
<td>5-4-1</td>
<td>05678-0123-01</td>
</tr>
</tbody>
</table>

The NDC is found on the drug container (i.e., vial, bottle, or tube).
Please Note: The NDC submitted to MassHealth must be the actual NDC number on the package or container from which the medication was administered (along with any necessary leading zeros applied). Do not bill for one manufacturer's product and dispense another.

4. Do I need to include units for both the HCPCS code and the NDC?

Yes. Provider reimbursement is based on the HCPCS description and units of service. The state's federally mandated rebate program is based on the NDC and those units.

5. Are the HCPCS code units different from the NDC units?

Yes. Use the HCPCS code and service units as you have in the past. This is the basis for your reimbursement. NDC units are based upon the numeric quantity administered to the patient and the unit of measurement. The units of measurement (UOM) codes are:

F2 = International Unit
GR = Gram
ME = Milligram
ML = Milliliter
UN = Unit (each)

The actual metric decimal quantity administered and the units of measurement are required for billing. If reporting a fraction, use a decimal point. Example: If three 0.5-ml vials are dispensed, the correct quantity to bill is 1.5 ml.

6. If the physician administered a vial of medication to a patient, do I bill the NDC units in grams, milliliters or units?

It depends on how the manufacturer and CMS have determined the rebate unit amount. Use the following as a guideline.

- If a drug comes in a vial in powder form and has to be reconstituted before administration, then bill each vial (unit/each) used (UN).
- If a drug comes in a vial in a liquid form, bill in milliliters (ML).
- Grams (GR) or milligrams (ME) are usually used when an ointment, cream, inhaler, or bulk powder in a jar are dispensed. This unit of measure is primarily used in the retail pharmacy setting and not for physician-administered drug billing.
- International units are mainly used when billing for Factor VIII-Antihemophilic Factors (F2).

Examples:
1. A patient received 4 mg Zofran IV in the physician's office. The NDC you used was 00173-0442-02, which is Zofran 2 mg/ml in solution form. There are 2 ml per vial. You would bill J2405 (ondansetron hydrochloride, per 1 mg) with 4 HCPCS units, and since this drug comes in a liquid form, you would bill the NDC units as 2 mls (ML2).

2. A patient received 1 gr of Rocephin IM in the physician's office. The NDC of the product used was 00004-1963-02, which is Rocephin 500 mg vial in a powder form that you needed to reconstitute before the injection. You would bill J0696 (ceftriaxone sodium, per 250 mg) with 4 HCPCS units, and since this drug comes in powder form, you would bill the NDC units as 2 units (also called 2 each) (UN2).

Please note: NDCs listed above have hyphens between the segments for easier visualization. When submitting NDCs on claims, submit as a number with no hyphens or spaces between segments. Be sure to include any leading zeros to maintain the 5-4-2 configuration.

7. How will NDC information be billed on electronic and paper claim forms?

The billing instructions are for current billing practices using the HIPAA 5010 standard. For more information about information about the HIPPA version 5010 you can contact ITOpsSupport@bmchp.org. Please submit HCPCS codes as usual and add NDC and quantity information as identified below. These claims must be submitted on paper claim forms or billed electronically using the 837 transaction.

Billing Using the Electronic Claim Format

If you bill electronically using the 837I or 837P transaction, complete the drug identification and drug pricing segments in Loop 2410 following the instructions below.

<table>
<thead>
<tr>
<th>Loop</th>
<th>Segment</th>
<th>Element Name</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>2410</td>
<td>LIN 02</td>
<td>Product or Service ID Qualifier</td>
<td>If billing for a national drug code (NDC), enter the product or service ID qualifier.</td>
</tr>
<tr>
<td>2410</td>
<td>LIN 03</td>
<td>Product or Service ID</td>
<td>If billing for drugs, include the NDC. A NDC is not required for vaccines.</td>
</tr>
<tr>
<td>2410</td>
<td>CTP 04</td>
<td>Quantity</td>
<td>If an NDC was submitted in LIN03, include the quantity for the NDC billed.</td>
</tr>
<tr>
<td>2410</td>
<td>CTP 05-1</td>
<td>Unit or Basis for Measurement Code</td>
<td>If an NDC was submitted in LIN03, include the unit or basis for measurement code for the NDC billed using the appropriate code qualifier:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>F2 - International unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GR – Gram</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>ME-Milligram</td>
</tr>
</tbody>
</table>
Billing Using the Paper Claim Form

**CMS-1500**

If you bill on paper using the CMS-1500 form, use the shaded area of Fields 24A-24G to report codes (with no hyphens), NDC units, and descriptors.

To report the NDC on the CMS-1500 claim form, enter the following information:

1. In Field 24A of the CMS-1500 Form in the shaded area, enter the **NDC Qualifier** of N4 in the first 2 positions, followed by the 11-digit NDC (no dashes or spaces) and then the NDC Units of Measure Qualifier, followed by the NDC Quantity. All should be left justified in the pink shaded area above the Date of Service.

   Acceptable values for the NDC Units of Measurement Qualifier are as follows:
   - F2 - International Unit
   - GR - Gram
   - ME - Milligram
   - ML - Milliliter
   - UN - Unit

The billed units in column G (Days or Units) should reflect the HCPCS units and not the NDC units. Billing should not be based off the units of the NDC. Billing based on the NDC units may result in underpayment to the provider.

**UB-04**

Use the revenue description field (Form Locator 43) on the UB-04 as follows.

- Report the N4 qualifier in the first two positions, left-justified, followed immediately by the 11-character NDC in the 5-4-2 format (no hyphens).
- Immediately following the last digit of the NDC (no delimiter) is the unit of measurement qualifier.

The units of measurement qualifier codes are as follows.

- F2-International Unit
Immediately following the unit of measurement qualifier, you will find the unit quantity with a floating decimal for fractional units, limited to three digits (to the right of the decimal). Any spaces unused for the quantity should be left blank.

**Please Note:** The decision to make all data elements left-justified was made to accommodate the largest quantity possible. The description field on the UB-04 is 24 characters long. An example of the methodology is illustrated below.

![NDC example](image)

8. **If I am not sure which NDC was used, can I pick another NDC under the J Code and bill with it?**

No. The NDC submitted to BMC HealthNet Plan must be the actual NDC number on the package or container from which the medication was administered.

9. **Do drugs that are billed through a hospital outpatient department require NDC information?**

It depends.

This requirement does not apply to hospital claims that are paid as part of a bundled rate, such as the claims paid through the bundled hospital payment amount per episode (PAPE). The requirement applies to professional claims, including Medicare crossover claims.
Outpatient hospital departments are required to submit national drug codes with NDC units and appropriate descriptors, to accompany claims for those drugs that are billed separately on institutional claim forms that are identified on the claim with a Level II HCPCS code. This requirement includes claims from acute hospitals from other states, chronic disease and rehabilitation hospitals, and some Medicare crossover claims for renal dialysis clinics.

10. Do radiopharmaceuticals or contrast media require NDC information?

Not at this time.

11. Do vaccines/immunizations require NDC information?

No. Vaccines do not require NDC information.

12. Are Medicare claims included in the NDC requirement?

Yes. Providers are required to submit NDC information, including the NDC, NDC units, and unit descriptor on claims billed to Medicare for dually eligible members (Medicare and MassHealth), when billing for Level II HCPCS for physician-administered drugs. Please refer to Question 7 for billing instructions. The NDC information will be included on Medicare crossover claims transmitted to MassHealth from the coordination of benefits contractor (COB).

13. Do dentists need to bill with both HCPCS codes and NDC numbers?

No. Use of NDCs with HCPCS codes is not applicable to dentists.

14. Should I bill the HCPCS code and NDC of a drug if I did not provide the drug, but just administered it?

No. For example, if a patient brings an allergy extract from his allergist to have the primary care provider administer it, the primary care provider may not bill for the drug. He/she should bill for only the administration of the drug. The allergist should bill for the drug.

15. How should I bill for a drug when only a partial vial was administered?

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.
For example:

If the previously mentioned patient (see Question 10) received only 2 mg of Zofran and you used the same NDC, which is Zofran 2 mg/ml in a 2-ml vial, the billing would look like this:

HCPCS J2405 (ondansetron hydrochloride, per 1 mg) 2 units
NDC 00173044202 ML1

16. My clinic participates in the 340B program. Do I need to submit NDC codes for drug claims?

Until January 1, 2012, this requirement did not apply to drugs purchased through the 340B program. However, effective January 1, 2012, NDC information from providers participating in the 340B program is required when they submit claims for all drugs administered in an office or clinic setting, including 340B drugs. Also effective January 1, 2012, providers must add Modifier UD with the HCPCS code to indicate that the drug was purchased through the 340B program.