Provider Notification
National Drug Code (NDC) Claim Requirements

<table>
<thead>
<tr>
<th>Date of Notification</th>
<th>April 1, 2014</th>
<th>Revision Date</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plans Affected</td>
<td>Mercy Maricopa Integrated Care (MMIC)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On April 6, 2012, AHCCCS sent out a Notice of Change to Billing Requirements for Drugs Administered in Outpatient Clinical Settings. This notice can be reviewed on the AHCCCS website at the following address:


AHCCCS confirmed that the National Drug Code (NDC) will be required with dates of service July 1, 2012 and forward for all claims for data capture reasons. AHCCCS’ communication is below:

Effective July 1, 2012, AHCCCS is implementing new billing requirements for drugs administered in outpatient clinical settings. These requirements are in accordance with and support of the Federal Deficit Reduction Act of 2005, which mandates that all providers submit the National Drug Code (NDC) on all claims with procedure codes for physician-administered drugs in outpatient clinical settings. These services are currently represented on submitted claims by the use of the Healthcare Common Procedure Coding System (HCPCS) codes.

**Background**

The Deficit Reduction Act of 2005 (DRA) included new provisions regarding State collection of data for the purpose of collecting Medicaid drug rebates from drug manufacturers for physician-administered drugs. Section 6002 of the DRA adds section 1927(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 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.

**NDC Definition**

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:

\[
\begin{align*}
\text{XXXX-XXXX-XX} &= 0XXXX-XXXX-XX \\
\text{XXXXX-XXXX} &= XXXXX-XXXX-XX \\
\text{XXXXX-0XXX-XX} &= XXXXX-XXXX-X
\end{align*}
\]

The NDC is found on the drug container, i.e. vial, bottle, tube. The NDC submitted to the AHCCCS FFS Program and/or MCO Contractors must be the actual NDC number on the package or container from which the medication was administered. Claims may not be submitted for one manufacturer when a different manufacturer’s product was administered. It is considered a fraudulent billing practice to bill using an NDC other than the one assigned to the drug administered.

When submitting a Medicaid claim for administering a drug, providers must submit the 11-digit NDC without dashes or spaces between the numbers. Claims submitted with NDCs in any other configuration may fail.

**Providers of “physician-administered” drugs**

Providers of “physician-administered” drugs include any AHCCCS registered provider whose license and scope of practice permits the administration of drugs, such as a medical doctor (MD), doctor of osteopathic medicine (DO), nurse practitioner (NP), physician assistant (PA), ambulatory surgery centers (ASCs), hospital outpatient clinic/services and skilled nursing facilities (SNFs).

**Exception:** IHS /tribally operated 638 facilities reimbursed at the federally the published all-inclusive rate.

**HCPCS codes that will require the NDC information on the claim submission**

Drugs billed using HCPCS codes include:

- A, C, J, Q and S codes as applicable.
- “Not otherwise classified” (NOC) and “Not otherwise specified” (NOS) drug codes (e.g., J3490, J9999, and C9399).
- CPT codes, 90281-90399 for immune globulins
- CPT Codes 90476-90749 for vaccines and toxoids

In order to comply with this mandate, contractors and providers must do the following, effective for the dates of service on or after July 1, 2012:

- Providers must submit a valid 11-digit NDC when billing a HCPCS drug or CPT procedure code as defined above.
- The qualifier "N4" must be entered in front of the 11-digit NDC. The NDC will be submitted on the same detail line as the CPT/HCPCS drug procedure code in the pink shaded area.
**Revenue Center Codes affected**
To support the NDC claims submission requirements, the following Revenue Center Codes may require a CPT or HCPCS code for administration of the drug and reporting of the specific NDC and quantity:

- 0250-259
- 0262
- 0263
- 0331
- 0332
- 0335
- 0634-0637

**NDC quantity to be billed and claims elements required**

NDC units are based on the numeric quantity administered to the patient and the unit of measurement. The actual metric decimal quantity administered and the unit of measurement is required for billing. If reporting a fraction, use a decimal point. The units of measurement codes are as follows:

- NDC of the drug administered as described above
- NDC Unit of Measure
  - **F2** = International Unit
  - **GR** = Gram - usually for products such as ointments, creams, inhalers, or bulk. This unit of measure is typically used in the retail pharmacy setting.
  - **ML** = Milliliter - for drugs that come in vials which are in liquid form
  - **UN** = Unit (each) - for unit of use preparations, generally those that must be reconstituted prior to administration.
- Quantity administered equals number of NDC units
- NDC unit price equals detail charge divided by the quantity administered

**Note**: Providers must also continue to submit Revenue Codes, HCPCS codes and related service units in addition to the required NDC information.

<table>
<thead>
<tr>
<th>HCPCS</th>
<th>NDC</th>
<th>Quantity Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>J9305</td>
<td>000002762301</td>
<td>HCPCS code is per 10 mg and the product comes as a dry power injection 500mg.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NDC units are “each vial.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dose was 100 mg, for example</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HCPCS quantity = 10 and the NDC quantity = 100/500 = 0.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enter: N4000002762301 UN0.2 on the CMS-1500.</td>
</tr>
</tbody>
</table>
| J3110 | 00002897101 | HCPCS code is for 10mcg and the product comes as 250mdg/ml  
NDC units are ml  
Dose was 750 mcg  
HCPCS quantity = 75 and the NDC quantity = 3  
Enter: N400002897101 ML3 on the CMS-1500. |
| J1745 | 57894003001 | HCPCS code is for 10mg and product comes as 100mg powder for injection.  
NDC units are “each vial”  
Dose was 200 mg  
HCPTCS quantity = 20 (20 X 10mg) = 200mg and the NDC quantity is 2. This is true even if the dry powder was reconstituted to 20ml.  
Enter: N457894003001 UN2 on the CMS-1500. |

**Paper Billing Instructions**

Beginning with dates of service on or after 7/1/2012, all institutional (UB04/837I) and professional (CMS-1500/837P) claims must include the following information:

- NDC and unit of measurement for the drug billed, and  
- HCPCS/CPT code and units of service for the drug billed, and  
- The actual metric decimal quantity administered.

**UB04 Claim Form**

To report the NDC on the UB04 claim form, enter the following information into the Form Locator 43 (Revenue Code Description):

- The NDC Qualifier of N4 in the first 2 positions on the left side of the field.  
- The NDC 11-digit numeric code, without hyphens.  
- The NDC Unit of Measurement Qualifier (as listed above)  
- The NDC quantity, administered amount, with up to three decimal places (i.e., 1234.456). Any unused spaces are left blank.

The information in the Revenue Description field is 24 characters in length and is entered without delimiters, such as commas or hyphens.

- Form Locator 44 (HCPCS/Rate/HIPPS code): Enter the corresponding HCPCS code associated with the NDC.  
- Form Locator 46 (Serv Units/HCPCS Units): Enter the number of HCPCS units administered.
CMS-1500 Claim Form

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

- 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 a space and 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.
- 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.

Example of CMS 1500 Paper Claims

<table>
<thead>
<tr>
<th>24. A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE(S) OF SERVICE</td>
<td></td>
<td></td>
<td>PROCEDURE, SERVICES, OR SUPPLIES</td>
</tr>
<tr>
<td>From MM DD YY</td>
<td></td>
<td></td>
<td>(Explain Unusual Circumstances)</td>
</tr>
<tr>
<td>To MM DD YY</td>
<td></td>
<td></td>
<td>CPT/HCPCS</td>
</tr>
<tr>
<td>Place Of Service</td>
<td></td>
<td>EMG</td>
<td>Modifier</td>
</tr>
<tr>
<td>N400074115278 ML 10</td>
<td></td>
<td>11</td>
<td>J1642</td>
</tr>
<tr>
<td>07 01 12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Submission of multiple NDCs per HCPCS is not allowed.

Electronic Billing Instructions

837 Claims Submission for NDC:

<table>
<thead>
<tr>
<th>837 Drug Identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loop Segment Field Name Requirement</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>2410 LIN02 Prod/Serv ID Qualifier A value of “N4” is expected.</td>
</tr>
<tr>
<td>2410 LIN03 Prod/Service ID An 11-digit NDC number is expected and will be mapped to the CPDNDC Prod/Service ID</td>
</tr>
<tr>
<td>2410/2400 CTP03/SV203 Unit Price The unit price is expected and will be mapped to CPDNDC unit price. If the unit price on segment CTP03 is different than the unit price on the SV102, then map CTP03; otherwise map SV102.</td>
</tr>
</tbody>
</table>
The quantity is expected and will be mapped to CPDNDC quantity. If the unit price on segment CTP03 is different than the unit price on the SV102, then map CTP04; otherwise map SV104.

The composite unit of measure is expected and will be mapped to CPDNDC composite unit of measure. If the unit price on segment CTP03 is different than the unit price on the SV203, then map CTP04; otherwise map SV103.

**Note:** Submission of multiple NDCs per HCPCS is **not** allowed.

**Remittance Advice if NDC is Submitted Incorrectly**

If the NDC billing information is missing or invalid, claims may fail. AHCCCS FFS Providers and MCO Contractors will have to resubmit the claim(s) with the required NDC information and/or correct number of units within the time allowed for potential payment.

**For Your Information:**

- Vendor software submitters please check with your vendor to ensure your software will be able to capture the criteria necessary to submit the 837 with the required NDC information.
- Revised CMS 1500 paper, 837 and on-line billing guidelines will be posted to the AHCCCS website shortly after the release of this notice.
- Training will be provided to FFS providers and MCO staff prior to 7/1/2012 as needed.

If you have any questions or need additional clarification regarding this notice please email:

AHCCCSNDCData@azahcccs.gov.

Effective for dates of service April 1, 2014 and after, claim lines billed with an inappropriate NDC or no NDC when required will result in a denial.