



Neighborhood Health Plan™

FREQUENTLY ASKED QUESTIONS – NDC CODING

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) requires states to collect rebates for physician-administered drugs. These rebates are administered through NDC coding which NHP is required to collect for drug data reporting and regulatory requirements. NHP reimburses providers for pharmacy services based on the appropriate HCPCS codes.

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?

The 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:

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, or tube).

Please Note: The NDC submitted to NHP must be the actual NDC number on the package or container from which the medication was administered (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

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) 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.

Billing Using the Electronic Claim Format

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

Loop	Segment	Element Name	Information
2410	LIN 02	Product or Service ID Qualifier	If billing for a national drug code (NDC), enter the product or service ID qualifier.
2410	LIN 03	Product or Service ID	If billing for drugs, include the NDC. An NDC is not required for vaccines.
2410	CTP 03	Unit Price	If an NDC was entered in LIN03, include the unit price for the NDC billed.
2410	CTP 04	Quantity	If an NDC was submitted in LIN03, include the quantity for the NDC billed.
2410	CTP 05-1	Unit or Basis for Measurement Code	If an NDC was submitted in LIN03, include the unit or basis for measurement code for the NDC billed using the appropriate code qualifier: F2 - International unit GR - Gram ML - Milliliter UN - Unit

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, NDC units, and descriptors.

24. A.	DATE(S) OF SERVICE						B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)				E. DIAGNOSIS POINTER
	From MM DD YY	To MM DD YY	CPT/HCPCS	MODIFIER									
1													
2													
3													
4													

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 unit of measurement qualifier codes are as follows.

- F2-International Unit
- GR-Gram
- ML-Milliliter
- UN-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.

N	4	1	2	3	4	5	6	7	8	9	0	1	U	N	1	2	3	4	.	5	6	7
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7. 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 NHP must be the actual NDC number on the package or container from which the medication was administered.

8. Do radiopharmaceuticals or contrast media require NDC information?

Not at this time.

9. Do vaccines/immunizations require NDC information?

No. Vaccines do not require NDC information.

10. 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