PHYSICIAN-ADMINISTERED MEDICATION: BILLING REQUIREMENTS

Policy
For physician-administered medication, effective April 1, 2012, Neighborhood Health Plan requires National Drug Codes (NDC) on claims in addition to the corresponding CPT/HCPCS codes, and the units administered for each code.

Member Cost-Sharing
The provider is responsible for verifying at each encounter and when applicable for each day of care when the patient is hospitalized, coverage, available benefits, and member out-of-pocket costs; copayments, coinsurance, and deductible required, if any.

Definitions
340B Drug Pricing Program: A program managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA) to limit the cost of covered outpatient drugs to certain federal grantees, federally-qualified health center look-alikes, and qualified hospitals. The purpose is to enable these entities to stretch scarce federal resources, reaching more eligible patients and providing more comprehensive services.

Crossover Claim: Dual-eligible claims billed to Medicare with a NDC code will cross to Medicaid (MassHealth) with the NDC.

Deficit Reduction Act (DRA) of 2005: The Deficit Reduction Act of 2005 is a United States Act of Congress concerning the budget. It addresses deficit reductions ranging from education to housing and Medicare to Medicaid. It requires States to collect rebates for physician-administered drugs. States must collect the 11-digit National Drug Code (NDC) that appears on the product administered.

Medicaid Drug Rebate Program: The Medicaid Drug Rebate Program was originally created by the Omnibus Budget Reconciliation Act of 1990 (OBRA '90) and became effective January 1, 1991. The law required 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 of 2005 expanded the rebate requirement to physician-administered drugs.

HCPCS Level II “J” Codes: Drugs administered by other than an oral method that cannot be self-administered, including immunosuppressive drugs, inhalation solutions, and other miscellaneous drugs and solutions, including J7050 (normal saline, 250 cc).

Massachusetts Medicaid Drug Rebate Program: Effective January 1, 2012, providers participating in the 340B program are required to submit NDC information when they submit claims for all drugs administered in the office or clinic setting, including 340B drugs.
NDC (National Drug Code)

A universal product identifier for human drugs by which drug products are identified and reported using a unique, three-segment number, called the National Drug Code (NDC), consisting of 11 digits in a 5-4-2 format. The first 5 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.

Since there are often several NDCs linked to a single HCPCS code, the Centers for Medicare and Medicaid (CMS) deems that the use of NDC numbers are critical to correctly identify the drug and manufacturer in order to invoice and collect the drug rebates.

Some packages will display less than 11 digits, but **leading zeroes** can be assumed and must be used. For example:

<table>
<thead>
<tr>
<th>NDC Package Display</th>
<th>11-Digit NDC Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXXX-XXXX-XX</td>
<td>0XXXX-XXXX-XX</td>
</tr>
<tr>
<td>XXXX-XXXX-XX</td>
<td>XXXX-gXXXX-XX</td>
</tr>
<tr>
<td>XXXX-XXXX-X</td>
<td>XXXX-XXXX-0X</td>
</tr>
</tbody>
</table>

**NDC Units:** These units are based on the numeric quantity administered to the patient and the unit of measurement. The unit of measurement (UOM) codes follow:

<table>
<thead>
<tr>
<th>UOM Code</th>
<th>Descriptor</th>
</tr>
</thead>
<tbody>
<tr>
<td>F2</td>
<td>International Unit</td>
</tr>
<tr>
<td>GR</td>
<td>Gram</td>
</tr>
<tr>
<td>ML</td>
<td>Milliliter</td>
</tr>
<tr>
<td>UN</td>
<td>Unit (each)</td>
</tr>
</tbody>
</table>

The actual metric decimal quantity administered and the units of measurement are required for billing. If reporting a fraction (part of a unit), use a decimal point. (i.e. If three 0.5 ml vials are dispensed, report 1.5 ml.)

**Examples of how units of measure qualifiers relate to NDC dose/volume:**

<table>
<thead>
<tr>
<th>NDC Dose</th>
<th>Volume Unit Qualifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000ML</td>
<td>ML</td>
</tr>
<tr>
<td>50,000IU</td>
<td>F2</td>
</tr>
<tr>
<td>1Unit</td>
<td>UN</td>
</tr>
<tr>
<td>50mg</td>
<td>GR</td>
</tr>
<tr>
<td>100mg/4ml</td>
<td>ML</td>
</tr>
</tbody>
</table>
How to bill a physician administered vial of medication, using NDC units in grams, millimeters, or units (rule of thumb):

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

Reporting multiple NDCs on a Professional claim: If the drug administered is comprised of more than one ingredient, each NDC must be represented in the service lines. The HCPCS code should be repeated as necessary to cover each unique NDC code.

- Submitting a paper claim:
  - Enter modifier KP (first drug of a multiple drug unit dose formulation) for the first drug of a multiple drug formulation.
  - Enter modifier KQ (second or subsequent drug of a multiple drug unit dose formulation) to represent the second or subsequent drug formulations.

- Submitting an electronic claim:
  - The compound drug should be reported by repeating the LIN and the CPT segments in the 2410 identification loop.

Neighborhood Health Plan Requires Reporting of Physician-Administered Medications

- Based on the exact NDC appearing on the product administered (with leading zeros, when necessary),
- The corresponding HCPCS code,
- Units for both code sets (NDC and HCPCS), for medications and medication/drug containers administered by physicians in the office and/or clinic setting.

Neighborhood Health Plan Reimburses

- The provider for physician administered medications based on the HCPCS code and units of service.

Neighborhood Health Plan Does Not Reimburse

- Physician-administered medications billed/reported with only HCPCS codes.
- Claims for physician administered medications submitted without the valid NDC that follows the 5-4-2 format, no hyphens.
- Claims submitted for physician administered medications without BOTH the HCPCS and NDC codes, and their corresponding units.
Provider Payment Guidelines and Documentation

Clinic Participation in the 340B Program

- Effective January 1, 2012, providers are required to submit NDC information when they submit claims for all drugs administered in the office or clinic setting, including 340B drugs.
- Modifier UD (Medicaid level of Care 13, as defined by each State) must be submitted with the HCPCS code to indicate the drug was purchased through the 340B Program.

CMS-1500 Form

On paper forms, use the shaded area of Fields 24A-24G to report:

- HCPCS Codes,
- NDC units, and
- Descriptors.

UB-04

Use the revenue descriptor field, (FORM LOCATOR 43) as follows:

- Report the N4 qualifier in the first 2 positions, left justified;
- Followed by the 11-character NDC in the 5-4-2 format (NO hyphens, leading zeros)
- Followed by the unit of measurement qualifier

Electronic claim format

- When submitting the 837 transaction, complete the drug identification and drug pricing segments in Loop 2410 following the instructions in the table below:

<table>
<thead>
<tr>
<th>Loop Segment</th>
<th>Element Name</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>2410 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 LIN 03</td>
<td>Product or Service ID</td>
<td>If billing for drugs, include the NDC. An NDC is not required for vaccines.</td>
</tr>
<tr>
<td>2410 CTP 03</td>
<td>Unit Price</td>
<td>If an NDC was entered in LIN03, include the unit price for the NDC billed.</td>
</tr>
<tr>
<td>2410 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 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>F2 - International unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GR - Gram</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ML - Milliliter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UN - Unit</td>
</tr>
</tbody>
</table>

Partial Vial(s) Administered

- Bill using the HCPCS code with the corresponding units administered.
- To calculate the NDC units, the HCPCS code units must be converted to the NDC units, using the proper decimal units.
For Each Medication, Submit:

- The appropriate HCPCS code in addition to the NDC number in 11-digit format from the actual NDC number on the package/container from which the medication was administered. Do NOT bill for one manufacturer’s product and dispense another,
- Product description,
- Dosage,
- Units administered ,
- Duration of infusion (if applicable).

Please Note:

- Use of only HCPCS “J” codes for drugs will deny for missing NDC number.
- Do not enter the Red Book value listed in milligrams (ml) in the unit’s field associated with the HCPCS code.

Examples

1.) Patient receives 4 mg Zofran IV in the physician’s office.
- NDC package display: 00173-0442-02
- Descriptor: Zofran 2 mg/ml in solution form
- 2 ml per vial

Report:

- J2405 (ondansetron hydrochloride, per 1 mg)
  - 4 HCPCS units
- 001730442025 (NDC Number)
  - ML2 (2 millimeters NDC units)

2.) Patient receives 1 gram of Rocephin IM in the physician’s office.
- NDC for the product used: 00004-1963-02
- Descriptor: Rocephin 500 mg vial in powder form, reconstituted prior to injection.

Report:

- J0696 (ceftriaxone sodium, per 250 mg)
  - 4 HCPCS units
- 00004196302 (NDC number)
  - UN2 (NDC units as 2, also called 2 each)

3.) If the patient in the first example above (Example 1) received a partial vial, only 2 mg of Zofran, use the same NDC which is for Zofran 2 mg/ml in a 2 ml vial:

Report:

- J2405 (ondansetron hydrochloride, per 1 mg)
  - 2 HCPCS units
- 00173044202 (NDC Number)
  - ML1 (1 millimeter NDC units)
References
Massachusetts EOHHS publication: National Drug Code (NDC) Requirements for Physician-Administered Medications

Introduction to 340B Drug Pricing Program, accessed 20120120:
http://www.hrsa.gov/opa/introduction.htm

Publication History

<table>
<thead>
<tr>
<th>Topic: Physician Administered Medications</th>
<th>Owner: Provider Network Management</th>
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<tbody>
<tr>
<td>2012/02/01 Original documentation</td>
<td></td>
</tr>
</tbody>
</table>

This document is designed for informational purposes only. Claims payment is subject to member eligibility and benefits on the date of service, coordination of benefits, referral/authorization/notification and utilization management guidelines when applicable, adherence to plan policies and procedures, claims editing logic, and provider contractual agreement. In the event of a conflict between this payment guideline and the provider’s agreement, the terms and conditions of the provider’s agreement shall prevail. Neighborhood Health Plan utilizes McKesson’s claims editing software, ClaimCheck, a clinically oriented, automated program that identifies the “appropriate set” of procedures eligible for provider reimbursement by analyzing the current and historical procedure codes billed on a single date of service and/or multiple dates of service, and also audits across dates of service to identify the unbundling of pre and post-operative care. Please refer to Neighborhood Health Plan’s Provider Manual Billing Guidelines section for additional information on NHP’s billing guidelines and administration policies. Questions may be directed to Provider Network Management at prweb@nhp.org.