



September 1, 2010

**NEIGHBORHOOD - Change In Claim
Submission Criteria for Pharmaceuticals**

Dear Practitioner,

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 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 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. *The NDC submitted to Medicaid must be the actual NDC number on the package or container from which the medication was administered.* 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.

NEIGHBORHOOD'S BILLING REQUIREMENTS FOR PHARMACEUTICALS

Requirements for paper CMS-1500 Submission

Form Locator	Required Field	Field Name	Comments
24a	R R or C	Dates of Service- unshaded NDC number-shaded (required when billing CPT/HCPCS codes for a drug)	Unshaded area: Enter date of service in the block, MMDDYY. Shaded area: Drug codes require NDC. See www.nhpri.org for the Drug Code List for procedure codes that require NDC codes. Enter the NDC qualifier of N4, followed by an 11-digit NDC number. 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.

Sample would look like:

CMS-1500 (08/05) - One NDC Per Procedure Code

24. A. DATE(S) OF SERVICE						B. PLACE OF SERVICE	c. D. PROCEDURES, SERVICES, OR SUPPLIES			E. DIAGNOSIS POINTER	F. \$ CHARGES		G. DAYS OR UNITS	H. EPSDT Family Plan	I. ID. QUAL.	J. RENDERING PROVIDER ID. #		
From	To	MM	DD	YY	MM	DD	YY	EMG	CPT/HCPCS	MODIFIER								
N460574411301																		
03	01	07	03	01	07	11			90378			13	500	00	2	N	NPI	0123456789

CMS-1500 (08/05) - Two NDCs Per Procedure Code

24. A. DATE(S) OF SERVICE						B. PLACE OF SERVICE	c. D. PROCEDURES, SERVICES, OR SUPPLIES			E. DIAGNOSIS POINTER	F. \$ CHARGES		G. DAYS OR UNITS	H. EPSDT Family Plan	I. ID. QUAL.	J. RENDERING PROVIDER ID. #		
From	To	MM	DD	YY	MM	DD	YY	EMG	CPT/HCPCS	MODIFIER								
N460574411301																		
03	01	07	03	01	07	11			90378	KP		13	500	00	2	N	NPI	0123456789
N460574411401																		
03	01	07	03	01	07	11			90378	KQ		13	250	00	1	N	NPI	0123456789

NEIGHBORHOOD'S BILLING REQUIREMENTS
ELECTRONIC SUBMISSION OF PHARMACEUTICALS

Requirements for paper EDI-electronic billing Submission

Providers must report the 11-digit NDC and its corresponding information, in addition to the procedure code, in the LIN Segment of LOOP ID 2410 to specify the physician-administered drug that is part of the service described in SV1 for the 837 format. Providers must also report the quantity and unit of measure of the NDC as outlined in the table below:

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:

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.

If you have any questions or concerns about these changes, please contact Neighborhood's Customer Service Department at 401-459-6020 or you can email us at:

newsystemquestions@nhpri.org and you will receive a response from the Project Management office within 3 to 4 business days.