



December 2007

## ATTENTION PROVIDERS

Professional  
07-013  
Institutional  
07-001

### NDC BILLING REQUIREMENT

#### Overview

The Omnibus Budget Reconciliation Act of 1990 created the Medicaid Drug Rebate Program, under which drug manufacturers must enter into a rebate agreement with the Centers for Medicare and Medicaid Services (CMS) to have their products covered by the Medicaid program. Manufacturers are not required to participate; however, if they choose not to, state Medicaid programs receive no federal matching payment for that manufacturer's drugs.

The following is a simple example of how the program works:

An EqualityCare client fills a prescription at an enrolled pharmacy, which purchased the drug from a manufacturer or wholesaler. The pharmacy bills EqualityCare and receives payment. EqualityCare invoices the drug's manufacturer for the rebate owed on the drug. Unless the manufacturer disputes the invoice, the rebate is paid directly to EqualityCare, which also receives matching payments (net of rebate) from the federal government through CMS. Since federal matching payments are computed after the rebate, the federal government shares in the savings.

Until recently, the federal Medicaid Drug Rebate Program only required state Medicaid programs to invoice drug manufacturers for products supplied through retail pharmacies. However, passage of the Deficit Reduction Act of 2005 (DRA) made significant changes to the program, including the requirement to invoice drug manufacturers for products administered in an *office, clinic, hospital or other outpatient setting*.

To meet the requirement of the DRA, state Medicaid programs must require their providers to report National Drug Codes (NDCs) on professional and institutional claims when certain drug-related procedure codes are billed. In September 2006, EqualityCare mailed a bulletin to affected providers notifying them of the new requirement. EqualityCare had intended to make the requirement effective January 1, 2007, but delayed implementation for a year to allow providers additional time to prepare. **With the publication of this bulletin, the requirement becomes effective for dates of service on and after March 1, 2008.**

#### Affected Providers

Durable Medical Equipment Providers  
Critical Access Hospitals (Outpatient Services Only)  
General Hospitals (Outpatient Services Only)  
Nurse Practitioners  
Physicians  
Physician Assistants

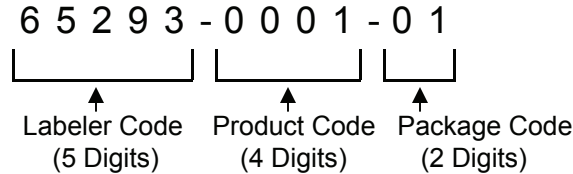


## Drug-Related Procedure Codes Requiring an NDC

A comprehensive list of drug-related procedure codes requiring an NDC has been posted to the Equality-Care website ([wequalitycare.acs-inc.com](http://wequalitycare.acs-inc.com)). The list reflects what was in effect at the time of posting and is subject to change. The presence of a procedure code on the list does not indicate coverage by Equality-Care.

## National Drug Code (NDC)

The NDC is a unique eleven-digit identifier assigned to a drug product by the labeler/manufacturer under Federal Drug Administration (FDA) regulations. It is comprised of three segments configured in a 5-4-2 format.



**Labeler Code** - Five-digit number assigned by the Food and Drug Administration (FDA) to uniquely identify each firm that manufactures, repacks or distributes drug products.

**Product Code** - Four-digit number that identifies the specific drug, strength and dosage form.

**Package Code** - Two-digit number that identifies the package size.

## Converting 10-Digit NDCs to 11 Digits

Many NDCs are displayed on drug products using a ten-digit format. However, to meet the requirements of the new policy, NDCs must be billed to EqualityCare using the eleven-digit FDA standard. Converting an NDC from ten to eleven digits requires the strategic placement of a zero. The following table shows three common ten-digit NDC formats converted to eleven digits.

Converting 10-Digit NDCs to 11 Digits			
10-Digit Format	Sample 10-Digit NDC	Required 11-Digit Format	Sample 10-Digit NDC Converted to 11 Digits
9999-9999-99 (4-4-2)	0002-7597-01 Zyprexa 10mg vial	<u>0</u> 9999-9999-99 (5-4-2)	<u>0</u> 0002-7597-01
99999-999-99 (5-3-2)	50242-040-62 Xolair 150mg vial	99999- <u>0</u> 9999-99 (5-4-2)	50242- <u>0</u> 040-62
99999-9999-9 (5-4-1)	60575-4112-1 Synagis 50mg vial	99999-9999- <u>0</u> 9 (5-4-2)	60575-4112- <u>0</u> 1

**NOTE:** Hyphens are used solely to illustrate the various ten and eleven digit formats. Do not use hyphens when billing NDCs.

## Documenting and Billing the Appropriate NDC

A drug may have multiple manufacturers so it is vital to use the NDC of the administered drug and not another manufacturer's product, even if the chemical name is the same. It is important that providers develop a process to capture the NDC when the drug is administered, before the packaging is thrown away. It is not permissible to bill EqualityCare with any NDC other than the one administered. Providers should not pre-program their billing systems to automatically default NDCs that do not accurately reflect the product that was administered to the client.

## Rebatable NDCs

When a procedure code requires an NDC, EqualityCare will only cover those NDCs that are rebatable per the Omnibus Budget Reconciliation Act of 1990. An NDC is considered rebatable only if all of the following conditions are met:

- The DESI indicator assigned to the NDC is 2, 3 or 4;
- The drug has not been terminated as of the date of service; and
- The NDC's labeler has a signed rebate agreement with the Secretary of the Department of Health and Human Services (HHS) in affect on the date of service.

To simplify the identification of rebatable NDCs, EqualityCare will post a list to its website ([wyequalitycare.acs-inc.com](http://wyequalitycare.acs-inc.com)) in January 2008. Providers are encouraged to use the list to verify an NDC's rebate status prior to billing. NDCs that are not rebatable will cause the respective line item to be denied.

In the meantime, providers may review a list of the drug manufacturers that have signed rebate agreements with CMS by visiting the CMS website ([cms.hhs.gov/MedicaidDrugRebateProgram/10\\_DrugComContactInfo.asp](http://cms.hhs.gov/MedicaidDrugRebateProgram/10_DrugComContactInfo.asp)).

## Procedure Code / NDC Combinations

The list of rebatable NDCs EqualityCare will post to its website will also give providers a way to validate procedure code / NDC combinations. The table below illustrates a few sample entries from the list.

NDC	Procedure Code	Procedure Description	NDC Label	Rebatable	Rebate Start Date	Rebate End Date
58468-0040-01	J0180	INJECTION, AGALSIDASE BETA, 1 MG	FABRAZYME (PF) 35 MG	Y	01/01/1991	99/99/9999
58468-0041-01	J0180	INJECTION, AGALSIDASE BETA, 1 MG	FABRAZYME (PF) 5 MG	Y	01/01/1991	99/99/9999
58468-1060-01	J0205	INJECTION, ALGLUCERASE, PER 10	CEREDASE 80 U/ML	Y	01/01/1991	99/99/9999
00517-8905-01	J0210	INJECTION, METHYLDOPATE HCL,	METHYLDOPATE HCL (S.D.V.) 50	Y	10/01/1991	99/99/9999

The first two entries show NDCs 58468-0040-01 and 58468-0041-01 can only be paired with one procedure code, J0180. These are the only valid procedure code / NDC combinations when billing Agalsidase. Pairing either NDC with a different procedure code OR pairing the procedure code with a different NDC would create an invalid combination. Procedure code / NDC combinations deemed invalid according to the list will be denied.

## Payment Methodologies for Drug-Related Procedure Codes

Currently, drug-related procedure codes are paid using the following methodologies:

- APC-Based Fee Schedule (Outpatient and Critical Access Hospitals Only)
- Fee Schedule
- Fee Schedule + Injection Fee
- Invoice Cost
- Percent of Charges

Beginning with dates of service on and after March 1, 2008, EqualityCare will add a new methodology, Priced by NDC. Procedure codes assigned this methodology will be paid a percentage of the NDC's Average Wholesale Price (AWP) or the provider's billed charge, whichever is less. AWP is a price derived from

self-reported manufacturer data for both branded and generic drugs. Payments to pharmacies for prescription drugs are typically based on AWP minus some percentage. To check the payment methodology for any procedure code, providers may visit the Fee Schedules page on the EqualityCare website ([wyequalitycare.acs-inc.com/fee\\_schedule.html](http://wyequalitycare.acs-inc.com/fee_schedule.html)).

## Billing Requirements

The requirement to report NDCs on professional and institutional claims is meant to supplement procedure code billing, not replace it. Providers are still required to include applicable procedure code information such as dates of service, CPT/HCPCS code, modifier(s), charges and units.

### Submitting One NDC Per Procedure Code

If one NDC is to be submitted for a procedure code, the procedure code, procedure quantity and NDC must be reported. No modifier is required.

#### Example - One NDC Per Procedure Code

Procedure Code	Modifier	Procedure Quantity	NDC
90378		2	60574-4111-01

### Submitting Multiple NDCs Per Procedure Code

If two or more NDCs are to be submitted for a procedure code, the procedure code must be repeated on separate lines for each unique NDC. For example, if a provider administers 150 mg of Synagis, a 50 mg vial and a 100 mg vial would be used. Although the vials have different NDCs, the drug has one procedure code, 90378. So, the same procedure code would be reported twice on the claim, but paired with different NDCs.

#### Example - Two NDCs Per Procedure Code

Procedure Code	Modifier	Procedure Quantity	NDC
90378	KP	2	60574-4111-01
90378	KQ	1	60574-4112-01

On the first line, the procedure code, procedure quantity, and NDC are reported with a **KP modifier** (first drug of a multi drug). On the second line, the procedure code, procedure quantity and NDC are reported with a **KQ modifier** (second/subsequent drug of a multi drug).

**NOTE:** When reporting more than two NDCs per procedure code, the KQ modifier is also used on the subsequent lines.

## Medicare Crossover Claims

Because EqualityCare pays Medicare coinsurance and deductible for dual-eligible clients, the NDC will also be required on Medicare crossover claims for all applicable procedure codes. EqualityCare has verified that NDC information reported on claims submitted to Medicare will be included in the automated crossover claim feed to EqualityCare.

The requirement will first be implemented for professional crossover claims. Beginning with dates of service on and after March 1, 2008, professional crossover claim lines that are missing a required NDC will be denied. The requirement for outpatient institutional crossover claims will be implemented later in 2008.

## Vaccines Supplied by the WyVIP Program

The NDC requirement does not apply to vaccines/toxoids supplied by the Wyoming Vaccinates Important People (WyVIP) Program. To designate a vaccine/toxoid as supplied by the WyVIP Program, providers must add an SL modifier to the vaccine/toxoid code.

### OPPS Packaged Services (Critical Access and General Hospitals Only)

The NDC requirement does not apply to services considered packaged under OPPS. These services are assigned status indicator N. For a list of packaged services, consult the APC-Based Fee Schedule located on the EqualityCare website ([wyequalitycare.acs-inc.com/fee\\_schedule.html](http://wyequalitycare.acs-inc.com/fee_schedule.html)).

### CMS-1500 (Version 08/05) Billing Instructions

To report a procedure code with an NDC on the CMS-1500 (08/05) claim form, enter the following NDC information into the shaded portion of field 24A:

- NDC qualifier of N4 [Required]
- NDC 11-digit numeric code [Required]

Do not enter a space between the N4 qualifier and the NDC. Do not enter hyphens or spaces within the NDC.

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

24. A. DATE(S) OF SERVICE						B. PLACE OF SERVICE	c. EMG	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. #	
MM	DD	YY	MM	DD	YY			CPT/HCPCS	MODIFIER								
<b>N460574411301</b>																	
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. EMG	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. #	
MM	DD	YY	MM	DD	YY			CPT/HCPCS	MODIFIER								
<b>N460574411301</b>																	
03	01	07	03	01	07	11		90378	KP		13	500	00	2	N	NPI	0123456789
<b>N460574411401</b>																	
03	01	07	03	01	07	11		90378	KQ		13	250	00	1	N	NPI	0123456789

**NOTE:** EqualityCare's instructions follow the National Uniform Claim Committee's (NUCC) recommended guidelines for reporting the NDC on the CMS-1500 (08/05) claim form. Provider claims that do not adhere to these guidelines will be returned unprocessed.

### UB-04 Billing Instructions

To report a procedure code with an NDC on the UB-04 claim form, enter the following NDC information into Form Locator 43 (Description):

- NDC qualifier of N4 [Required]
- NDC 11-digit numeric code [Required]

Do not enter a space between the N4 qualifier and the NDC. Do not enter hyphens or spaces within the NDC.

#### UB-04 - One NDC Per Procedure Code

42 REV. CD.	43 DESCRIPTION	44 HCPCS/ RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49
0636	<b>N460574411101</b>	<b>90378</b>	030107	2	500.00		

### UB-04 - Two NDCs Per Procedure Code

42 REV. CD.	43 DESCRIPTION	44 HCPCS/ RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49
0636	<b>N460574411101</b>	<b>90378 KP</b>	030107	2	500.00		
0636	<b>N460574411201</b>	<b>90378 KQ</b>	030107	1	250.00		

**NOTE:** EqualityCare’s instructions follow the National Uniform Billing Committee’s (NUCC) recommended guidelines for reporting the NDC on the UB-04 claim form. Provider claims that do not adhere to these guidelines will be returned unprocessed.

### 837 Professional and 837 Institutional Billing Instructions

To submit 837 Professional (837P) or 837 Institutional (837I) claims with NDCs may require you or your software vendor, billing agent, or clearinghouse to make system changes. If you have questions, refer to the Wyoming Medicaid Companion Guides at [www.acs-gcro.com/Medicaid\\_Accounts/medicaid\\_accounts.html](http://www.acs-gcro.com/Medicaid_Accounts/medicaid_accounts.html). Once at the website, select Wyoming Medicaid and then select Companion Guides.

To report a procedure code with an NDC using 837P and 837I electronic claim formats, the following information must be reported in Loop 2410, LIN Segment:

- LIN02 - Service ID Qualifier N4 [Required]
- LIN03 - NDC 11-digit numeric code [Required]

Do not enter hyphens or spaces within the NDC.

#### 837P/837I - One NDC Per Procedure Code

```
LX*1~
SV1*HC>90378*500*UN*2***1~
LIN**N4*60574411101~
```

#### 837P/837I - Two NDCs Per Procedure Code

```
LX*1~
SV1*HC>90378>KP*500*UN*2***1~
LIN**N4*60574411101~
LX*2~
SV1*HC>90378>KQ*500*UN*1***1~
LIN**N4*60574411201~
```

**NOTE:** For 837P and 837I service lines, only the first iteration of Loop 2410 will be used for claims processing. If two or more NDCs per procedure need to be reported, the procedure code must be repeated on a separate service line with the first iteration of Loop 2410 used to report each unique NDC.

### WINASAP 2003 and Web Portal Billing Instructions

For providers who use WINASAP 2003 or the Web Portal to bill their claims, ACS will post updated tutorials to the EqualityCare website ([wyequalitycare.acs-inc.com](http://wyequalitycare.acs-inc.com)) by January 31, 2008. The tutorials will explain how to add NDCs to professional and institutional line items.

## New Claim Edits

The following new claim edits are being added to EqualityCare's claims processing system in preparation for the NDC requirement:

- Procedure code requires an NDC for the date of service
- NDC is invalid or not on file
- Invalid procedure code / NDC combination
- Procedure code / NDC combination was terminated prior to the date of service
- NDC is not covered by EqualityCare
- Date of service is greater than the NDC's obsolete date, plus 24 months
- NDC is not rebateable
- NDC units are greater than the maximum or less than the minimum allowed

## Paper Remittance Advice

Beginning March 5, 2008, the first payment cycle after the NDC requirement goes into effect, the format of EqualityCare's remittance advice (RA) will be revised to display the NDC, when applicable. New Explanation of Benefits (EOB) codes will also be added to communicate new denial reasons.

## 835 Health Care Claim Payment/Advice

Since the implementation guide for the 835 Health Care Claim Payment/Advice allows only one service code to be reported per claim line, the procedure code will be reported, but not the NDC.

## Additional Information


- Deficit Reduction Act of 2005  
[frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109\\_cong\\_bills&docid=f:s1932enr.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_bills&docid=f:s1932enr.txt.pdf)
- CMS Final Rule—42 CFR Part 447  
[www.cms.hhs.gov/quarterlyproviderupdates/downloads/cms2238fc.pdf](http://www.cms.hhs.gov/quarterlyproviderupdates/downloads/cms2238fc.pdf)
- EqualityCare Website  
[wequalitycare.acs-inc.com](http://wequalitycare.acs-inc.com)
- Drug Manufacturers Participating in the Medicaid Drug Rebate Program  
[cms.hhs.gov/MedicaidDrugRebateProgram/10\\_DrugComContactInfo.asp](http://cms.hhs.gov/MedicaidDrugRebateProgram/10_DrugComContactInfo.asp)
- Wyoming Medicaid 837 Professional and 837 Institutional Companion Guides  
[www.acs-gcro.com/Medicaid\\_Accounts/Wyoming\\_Medicaid/Companion\\_Guides/companion\\_guides.htm](http://www.acs-gcro.com/Medicaid_Accounts/Wyoming_Medicaid/Companion_Guides/companion_guides.htm)

## Questions

If you have questions about the NDC requirement, please contact ACS Provider Relations at 1-800-251-1268.



Wyoming Department of Health  
Public Health Insurance Program



Pharmacy  
Group  
6530

## Important Changes! Please read!



**ACS, Inc**  
P.O. Box 667  
Cheyenne, WY 82003-  
0667

PHONE:  
(800) 251-1268

IN CHEYENNE:  
(307) 772-8401

FAX:  
(307) 772-8405

We're on the Web!

[http://wyequalitycare.acs-  
inc.com](http://wyequalitycare.acs-inc.com)