National drug code: frequently asked questions

1. **What is the Medicaid Drug Rebate Program?**
   The Medicaid Drug Rebate Program was created by the *Omnibus Budget Reconciliation Act of 1990* and became effective January 1, 1991. The law requires drug manufacturers to enter agreements with the Centers for Medicare & Medicaid Services (CMS) to provide rebates for their drug products. The rebates are paid by Medicaid. *The Deficit Reduction Act of 2005* expanded the rebate requirement to include outpatient-administered drugs covered by state Medicaid programs. *The Patient Protection and Affordable Care Act (PPACA)* expanded the rebate requirement to include drugs covered by Medicaid managed care organizations.

2. **Does this change the way I am paid?**
   No, claims are still priced based on Healthcare Common Procedure Coding System (HCPCS) codes.

3. **Why do I have to bill with NDCs in addition to HCPCS/CPT/revenue codes?**
   The *PPACA* of 2010 includes provisions about state collection of data for the purpose of collecting Medicaid drug rebates from drug manufacturers for outpatient-administered drugs from managed care claims. Because there are often several national drug codes (NDCs) linked to a single HCPCS, current procedural terminology (CPT) or revenue code, CMS deems the use of NDCs critical to correctly identify the drug and manufacturer to enable invoicing and collection of the rebates.

4. **What is an NDC?**
   The NDC is a universal number that identifies a drug. The NDC 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 U.S. 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 should 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 (for example, vial, bottle or tube). The NDC submitted to Healthy Blue must be the actual NDC on the package or container from which the medication was administered.

   Do not bill for one manufacturer's product and dispense another. Do not bill using invalid or obsolete NDCs.

5. **Submitted NDCs must be valid, have 11 digits and follow the 5-4-2 format. The package or container lists an NDC with 10 digits. I'm not sure whether I should report the NDC with or without dashes. What should I do?**
   Proper billing of claims submitted for outpatient-administered HCPCS drug codes requires 11-digit all-numeric NDCs. First, determine the format of your 10-digit NDC by examining the package information and counting the numbers separated by dashes. Once you have identified the format as either 4-4-2, 5-3-2 or 5-4-1, insert a zero according to the following table.

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10-digit format	Add a zero in…	Report NDC as…
4-4-2 *####-####-##	1st position, 0####-####-##	0##########
5-3-2 #####-*###-##	6th position, #####-0###-##	#####0#####
5-4-1 #####-####-*#	10th position, #####-####-0#	#########0#

6. Are the HCPCS/CPT/revenue code units different from the NDC units?

Yes, use the HCPCS/CPT/revenue code and service units as you have in the past. They are the basis for your reimbursements. NDC units are based on the numeric quantities administered to the patient and the unit of measure (UOM). The UOM codes are:

- F2 = international unit
- GR = gram
- ML = milliliter
- UN = unit (each)

7. Do I need to include units for both the HCPCS code and the NDC?

Yes, your 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.

Examples of NDC and HCPCS units:

HCPCS code	HCPCS description	Drug form	Common brand/generic name and strength	HCPCS unit	NDC quantity	NDC UOM
J0170	Injection, adrenalin, epinephrine, up to 1 ml	1 ml ampoule	Epinephrine 1 mg/ml to 1 ml	1	1	ML
J1260	Injection, dolasetron mesylate, 10 mg	Vial	Anzemet (S.D.V.) 20 mg/ml to 1 ml	2	1	ML
J2469	Injection, palonosetron HCl, 25 mcg	Vial	Aloxi (S.D.V., PF) 0.05 mg/ml to 5 ml	1	5	ML

8. If I 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 determine the rebate unit amount. Use the following rules for guidance:

- If a drug comes in a vial in powder form and has to be reconstituted before administration, bill each vial (unit/each) used (UN).
- If a drug comes in a vial in liquid form, bill in milliliters (ML).
- Grams are usually used when an ointment, cream, inhaler or bulk powder in a jar are dispensed. This UOM will primarily be used in the retail pharmacy setting and not for outpatient-administered drug billing (GR).
- International units will mainly be used when billing for factor VIII — antihemophilic factors (F2).

Examples:

- A patient received a 4 mg Zofran IV in a 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 should bill J2405 (ondansetron hydrochloride, per 1 mg) with four HCPCS units. Because this drug comes in a liquid form, you should bill the NDC units as 2 ml (ML2).

- A patient received 1 gram of Rocephin IM in a physician's office. The NDC of the product used was 00004-1963-02, which is a Rocephin 500 mg vial in a powder form you had to reconstitute before injection. You should bill J0696 (ceftriaxone sodium, per 250 mg) with four HCPCS units. Because this drug comes in powder form, you should bill the NDC units as two units (also called two each) (UN2).

The NDCs listed above have hyphens between the segments for easier visualization. When submitting NDCs on claims, use the appropriate number with no hyphens or spaces between segments.

9. **How will NDC information be billed on electronic and paper claim forms?**
   Please submit HCPCS codes as usual and add NDC and quantity information as identified above.

10. **If I am not sure which NDC was used, can I pick another NDC under outpatient drug claims and bill with it?**
    No, the NDC submitted to us must be the actual NDC on the package or container from which the medication was administered.

11. **Do drugs billed through hospital outpatient departments require NDCs?**
    Yes, the requirement applies to professional claims, including Medicare crossover claims. We require hospital outpatient departments to submit NDCs with NDC units and appropriate descriptors. These codes must accompany claims for drugs billed separately on institutional claim forms that are identified on the claims with Level II HCPCS codes. This requirement includes claims from acute care hospitals in other states, chronic disease and rehabilitation hospitals, and some Medicare crossover claims for renal dialysis clinics.

12. **Do radiopharmaceuticals or contrast media require NDCs?**
    At this time, radiopharmaceuticals and contrast media do not require NDCs.

13. **Are Medicare claims included in the NDC requirement?**
    Yes, claims for Healthy Blue members who are dually eligible for Medicare require NDCs with HCPCS codes.

14. **Should I bill the HCPCS code and NDC of a drug if I did not provide the drug but just administered it?**
    No, for example, if a patient brings an allergy extract from his allergist to be administered by his family physician, the family physician should not bill for the drug but should bill only for the administration of the drug. The allergist should bill for the drug.

15. **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, use the patient scenario in question 7. If the patient received only 2 mg of Zofran and you used the same NDC (Zofran 2 mg/ml in a 2 ml vial), the billing should look like this: HCPCS J2405 (ondansetron hydrochloride, per 1 mg) two units NDC 00173044202 ML1.

16. How do I bill for compound drugs?

If the drug administered is composed of more than one ingredient (in other words, a compound drug) and the claim is billed on a *UB-04* or *CMS-1500* form, each NDC must be represented in the service line. The HCPCS code should be repeated as necessary to cover each unique NDC. Enter a KP modifier for the first drug of a multiple-drug unit-dose formulation and enter a modifier of KQ to represent the second or subsequent drug formulation. If the claim is billed as an electronic data interchange transaction 837P or 837I, the compound drug should be reported by repeating the LIN and CTP segments in the 2410 drug identification loop.

If you have additional questions, please call our Provider Services team at **1-844-521-6942**. If you have electronic data interchange-related questions, please call **1-800-590-5745**.