National Drug Code

Billing for Outpatient Drugs Administered in Physician Offices, Urgent Care Settings, Clinics and Outpatient Facilities

Nevada Medicaid Provider Training

2019
Objectives
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- Determine who cannot bill separately for drugs
- Learn about the National Drug Code (NDC)
- Locate the NDC
- Breakdown the NDC
- Discover why the NDC is required
- Review NDC pricing
- Locate NDC reference materials
- Contact Information
Billing Separately
Who cannot bill separately for drugs

— This billing information does not apply to outpatient services when an all-inclusive encounter rate, composite rate, per diem rate or prospective payment includes pharmaceuticals, such as:

  — Federally Qualified Health Centers (FQHCs)
  — Rural Health Centers (RHCs)
  — Indian Health Programs (IHPs)
  — End-Stage Renal Disease (ESRD) Facilities
  — Inpatient Facilities

— These providers do not use this process for submitting claims.
National Drug Code
What is a National Drug Code (NDC)?

- Drug products are identified and reported using a unique number called the NDC, which serves as a universal product identifier.
- These codes are used for billing outpatient administered drugs.
- An NDC consists of 11 digits separated into 3 sections by a hyphen: XXXXX-XXXX-XX
- The first 5 digits identify the drug labeler/manufacturer, the next 4 digits identify the product and the last 2 digits identify the package size.

NDC 07777-3105-02

Labeler  |  Product Code  |  Package Code
Where is the NDC Found?

- The NDC is found on the drug container (e.g., vial, bottle or tube). The NDC submitted to Nevada Medicaid 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.
- Billing an NDC from a reference file when it is not the actual drug being administered is considered fraudulent billing.
NDC Breakdown

- A drug’s container label may display less than 11 NDC digit(s). In this instance, leading 0s must be added to each section to make 11 digits total when submitting the claim to Nevada Medicaid.

- For example: If the NDC shown on the label is 0409-1778-35, then submit NDC 00409-1778-35 on the claim.

- Additional examples:

<table>
<thead>
<tr>
<th>NDC # Configuration</th>
<th>Leading Zero Placement for 5-4-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXXX-XXXX-XX 5 - 3 - 2</td>
<td>XXXX-XXXX-XX 5 - 4 - 2</td>
</tr>
<tr>
<td>XXXX-XXXX-X 5 - 4 -1</td>
<td>XXXX-XXXX-0X 5 - 4 - 2</td>
</tr>
</tbody>
</table>
Why is NDC Required?

- The Deficit Reduction Act (DRA) of 2005 requires State Medicaid programs to collect rebates for physician/outpatient-facility administered drugs and drugs sold through pharmacies.
- This initiative became effective on January 1, 2008.
- The Drug Rebate Program:
  - Drug manufacturers who wish to participate must first sign a rebate agreement with the Centers for Medicare & Medicaid Services (CMS).
  - The drug manufacturers pay a rebate (monies) to Nevada Medicaid for the drugs covered by Nevada Medicaid. This is why it is so important to bill with the actual NDC that was administered.
  - This program was enacted out of concern for the costs Medicaid programs were paying for outpatient drugs.
Rebateable Drugs

- State Medicaid programs will only reimburse for drugs if the manufacturer is participating in the Centers for Medicare & Medicaid Services (CMS) Drug Rebate Program.

- If a drug is listed on the CMS website as rebateable, it does not guarantee payment by Medicaid. See the Pharmacy Billing Manual at www.medicaid.nv.gov for a list of non-covered pharmaceuticals.
NDC Pricing

- Payment for physician/outpatient-facility administered drugs is calculated on the NDC and NDC unit of measure – **NOT** the Healthcare Common Procedural Coding System (HCPCS) codes and units.

- Payment is calculated on the lesser-of cost algorithm:
  - National Average Drug Acquisition Cost (NADAC) + Dispensing Fee
  - Wholesale Acquisition Cost (WAC) + Dispensing Fee
  - Federal Upper Limit (FUL) + Dispensing Fee
  - Maximum Allowable Cost (MAC) + Dispensing Fee
  - Department of Justice (DOJ) – 15% + Dispensing Fee
  - Gross Amount Due (Field 430-DU) (Submitted)
  - Usual and Customary (Field 425-DQ) (Submitted)
  - Actual Acquisition Cost (AAC) (Submitted)
NDC Reference Materials
Reminders When Billing Physician-Administered Drugs

The following reminders are provided to ensure physician-administered drugs are billed appropriately.

- Use CPT codes to bill all covered vaccines that are not part of the Vaccines for Children (VFC) program. The administration fee is reimbursed for VFC drugs.
- Use HCPCS codes to bill Federal Drug Administration (FDA)-approved intrauterine devices (IUDs).
- Use HCPCS codes to bill radiopharmaceuticals and contrast agents.
- All other physician-administered drugs are reimbursed by National Drug Code (NDC) and the appropriate NDC unit of measure. Both items must be included on the claim form.
Modernization: Attention All Providers: Changes Regarding Physician-Administered Drug Claims

The Division of Health Care Financing and Policy (DHCFP) will implement a new, modernized Medicaid Management Information System (MMIS) on February 1, 2019. In preparation for the new MMIS, providers are advised that claims for physician/outpatient facility administered drugs will require both National Drug Codes (NDCs) and Healthcare Common Procedural Coding System (HCPCS) codes, as well as the NDC quantity.

Not Otherwise Classified Drugs:

Correct coding requires an item be coded with the most specific code available that appropriately describes the item. Not Otherwise Classified (NOC) Healthcare Common Procedure Coding System (HCPCS) codes must only be used when a more specific HCPCS code is not available.

Providers who indicate procedure codes such as J3490 (Unclassified drugs), J3590 (Unclassified biologics) and J9999 (Not otherwise classified, antineoplastic drugs) on claims for NOC drugs must also indicate the following on the claim:

- The NDC of the drug dispensed,
- The drug name,
- The NDC quantity billed, and
- The NDC unit of issue (i.e., ea, gm, or ml).

If this information is not included on the claim or if there is a more specific HCPCS procedure code for the drug, the claim could be denied.

If there are any questions, please do not hesitate to contact Nevada Medicaid.
Modernization: Attention Providers Who Submit Claims with National Drug Codes: Changes Regarding Making Adjustments to Claims with Physician-Administered Drug Details

The Division of Health Care Financing and Policy (DHCFP) will implement a new, modernized Medicaid Management Information System (MMIS) on February 1, 2019. In preparation for the new MMIS, providers who submit claims with National Drug Codes (NDCs) are advised that beginning February 1, 2019, providers will not be able to adjust physician or outpatient claims that contain Physician-Administered Drug (PAD) details (i.e., details with NDCs). Providers must void and resubmit the entire claim if any details on the claim need to be adjusted. As of February 1, 2019, claim detail(s) must be submitted with the Healthcare Common Procedure Coding System (HCPCS) procedure code and associated NDC. If no NDC is present on that detail, the entire claim will deny.
NDC Reference Materials

- Reference material for NDC is located at: www.medicaid.nv.gov.
- Select Providers from the menu bar, then NDC from the sub-menu.
NDC Reference – Limitations

- The Pharmacy Billing Manual contains additional information regarding billing.
- Select **Pharmacy** from the menu bar, select **Billing Information**, then the **Pharmacy Billing Manual**.
Is the NDC Rebateable?

After selecting this link, users will be re-directed to the CMS website.
Medicaid Drug Rebate Program

The Medicaid Drug Rebate Program (MDRP) is a program that includes Centers for Medicare & Medicaid Services (CMS), state Medicaid agencies, and participating drug manufacturers that helps to offset the Federal and state costs of most outpatient prescription drugs dispensed to Medicaid patients. Approximately 600 drug manufacturers currently participate in this program. All fifty states and the District of Columbia cover prescription drugs under the MDRP, which is authorized by Section 1927 of the Social Security Act.

The program requires a drug manufacturer to enter into, and have in effect, a national rebate agreement with the Secretary of the Department of Health and Human Services (HHS) in exchange for state Medicaid coverage of most of the manufacturer’s drugs. When a manufacturer markets a new covered outpatient drug, it must also submit product and pricing data concerning the drug to CMS via the Drug Data Reporting for Medicaid (DDR) system. This ensures that states are aware of the newly marketed drug. In addition, Section 1104 of the Rebate Agreement explains that manufacturers are responsible for notifying states of a new drug’s coverage. Manufacturers are required to report all covered outpatient drugs under their labeler code to the MDRP. Manufacturers may not be selective in reporting their National Drug Code’s (NDC) to the program. Manufacturers are then responsible for paying a rebate on those drugs for which payment was made under the state plan. These rebates are paid by drug manufacturers on a quarterly basis to states and are shared between the states and the Federal government to offset the overall cost of prescription drugs under the Medicaid Program.
In order to view the Drug Product Data, from the left hand side, select “Program Data” and then select the “drug product data” link in order to open the program. This information is not contained in a zip file as it had been in the past.
Users can now sort information based on the header information.

Users can also use the navigation buttons at the bottom to search.
The user can also select a Heading and then click on the 3 vertical dots in order to filter data.

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Labeler Name</th>
<th>NDC</th>
</tr>
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<tbody>
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</tr>
<tr>
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<tr>
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<tr>
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<td>2</td>
<td>entity identified by the</td>
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<tr>
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</tr>
<tr>
<td>2018</td>
<td>2</td>
<td>Eli Lilly and Company</td>
<td></td>
</tr>
</tbody>
</table>
CMS Drug Product Data List, continued

A. Search allows user to search the Dataset with specific key information.
B. “More Views” will allow the user to view updates or archived versions of the Product Data List.
C. “Filter” will allow the user to format and filter results.
D. “Export” will allow users to download or print the list.
E. To receive notifications, user can select the symbol.
Breakdown and Units of Measure
NDC Units of Measure

- The NDC Billing Unit Standard was created to eliminate translation conflicts between manufacturers, CMS and State Medicaid programs. This is called the NDC unit of measure.

- Three units of measure describe ALL drugs:
  - Each (EA)
  - Milliliter (ML)
  - Grams (GM)

- 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 (EA).
  - 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. (GR).

- For additional information, refer to the NDC Billing Reference at [www.medicaid.nv.gov](http://www.medicaid.nv.gov). Select “NDC” from the “Providers” tab.
NDC Unit of Measure

– The NDC and the NDC unit of measure must be provided on all claims.
– The NDC unit of measure must be expressed in metric units.
– Partial units may be entered using up to three decimal places.
  – Partial quantities are only accepted for specific drugs listed in the Appendix of the Pharmacy Billing Manual.
Examples:

- Epogen is packaged as a 3000u/ML injection, 2000u were administered = NDC unit of measure of .667 ML

- Ketorolac is packaged as a 60mg/2ml injection, 60 mg were administered = NDC unit of measure of 2 ML

- Venofer is packaged as a 20mg/ML injection, 100 mg were administered = NDC unit of measure of 5 ML
Billing Claims in the Electronic Verification System (EVS) Secure Provider Web Portal via Direct Data Entry (DDE)
For instructions on billing NDC Information to Nevada Medicaid, highlight “EVS” from the top blue tool bar and select “User Manual” from the drop-down menu.

From the next page, select “Chapter 3: Claims” for more information.
During Step 3 of submitting a Professional Claim, the user will input all necessary information into the Service Details portion of the claim and then select the + symbol next to NDCs for Svc and input the NDC information into the available fields.

Once all information is input, select the “Save” button.

Note: Bill for waste on one claim line. The amount administered plus waste equals the total amount billed.
During Step 3 of submitting an Institutional Outpatient Claim only, the user will input all necessary information into the Service Details portion of the claim and then select the + symbol next to NDCs for Svc and input the NDC information into the available fields.

Once all information is input, select the “Add” button.

Note: Bill for waste on one claim line. The amount administered plus waste equals the total amount billed.
Third Party Liability and Medicare Crossover Claims
NDC and Other Insurance

The NDC and NDC unit of measure must be on the claim when the claim is submitted to Medicaid.

This includes:

- Medicare Crossover Claims
- Claims involving commercial or private carriers
Contact Information
Contact Information – OptumRx

For questions regarding NDC pricing, NDC unit of measure or limitations, contact:
OptumRx Technical Call Center
(866) 244-8554

Prior Authorizations:
OptumRx Customer Service Center
(855) 455-3311
Contact Nevada Medicaid

Prior Authorization Department: 800-525-2395

Customer Service Call Center: 877-638-3472 (Monday through Friday 8 am to 5 pm Pacific Time)

Provider Field Representative:
   Email: NevadaProviderTraining@dxc.com
Thank You