



Molina Healthcare of New Mexico, Inc.
New Requirement - NDC Codes
August 10, 2010

Dear Molina Healthcare Practitioner/Provider:

The State of New Mexico Medical Assistance Division (MAD) is implementing the requirement that providers must include the appropriate National Drug Code (NDC) and other essential information on the both CMS 1500 and UB04 claim forms when billing for drug items. The requirement will be implemented in the following two (2) phases.

- **PHASE I:** Effective September 1, 2010, will require NDC codes for the “Top Twenty (20)” practitioner administered drugs as determined by Centers for Medicare and Medicaid Services (CMS) to be included on the claim form; and
- **PHASE II:** Effective January 1, 2011, will require the NDC code for all practitioner administered drugs to be included on the claim form.

Specific information on each of the phases is provided in the Supplement enclosed.

Please Note: A provider paid on the basis of an encounter rate such as an FQHC, an IHS or tribal compact facility or a bundled rate such as drugs included in a dialysis cap charge does not need to supply an NDC code because they are not reimbursed using one of the above revenue codes when billing with the appropriate place of service code.

Please refer to the attached Supplement to assist you with this new process.

If you have any questions or need additional information, please contact your designated Provider Services Representative toll free at (800) 377-9594.

Sincerely,

Molina Healthcare of New Mexico, Inc.

NEW REQUIREMENTS WHEN BILLING FOR DRUG ITEMS ADMINISTERED IN PRACTITIONERS' OFFICES, OUTPATIENT CLINICS AND HOSPITALS

The federal Deficit Reduction Act of 2005 (signed in 2006) requires Medicaid providers to report the eleven (11)-digit National Drug Code (NDC) on the CMS1500 and UB04 claim forms as well as on the 837 electronic transactions when billing for injections and other drug items administered in outpatient offices, hospitals, and other clinical settings.

The Medical Assistance Division (MAD) is now implementing the requirement that providers must include the appropriate NDC and other essential information on the claim when billing for drug items. If a practitioner/provider has not already done so, it may be necessary to contact the software vendors to modify billing software.

The new billing requirement will be implemented in **two phases**.

Phase I, effective **September 1, 2010**, will require NDC codes for the “top twenty” practitioner administered drugs as determined by CMS to be included on the claim form.

Phase II, effective **January 1, 2011**, will require the NDC code for all practitioner administered drugs to be included on the claim form. Specific information on each of the phases is provided below.

Understanding the National Drug Code (NDC)

The NDC code, which is found on the label of a prescription drug item, must be included on the CMS 1500 or UB04 claim form or in the 837 electronic transaction. The NDC is a universal number that identifies a drug. The complete NDC number consists of 11 digits with hyphens separating the number into three segments in a **5-4-2 format** such as “12345-1234-12.”

However, sometimes the NDC as printed on a drug item omits a leading zero (0) in one (1) of the segments, requiring a leading zero to be entered on the claim form and the hyphens to not be used. Instead of the digits and hyphens being in a 5-4-2 format, the NDC may be indicated in a 4-4-2 as in “1234-1234-1”, or in a 5-3-2 format as in “12345-123-12”, or less commonly in a 5-4-1 format as in 12345-1234-1.”

A leading zero (0) must be added to make the 5-4-2 format. **See the following examples:**

NDC 12345-1234-12 is complete – it is reported as 12345123412

NDC 1234-1234-12 needs a leading zero in the first segment to be in the 5-4-2 digit format, to become 01234-1234-12 – it is reported as 01234123412

NDC 12345-234-12 needs a leading zero in the second segment to be in the 5-4-2 digit format, to become 12345-0234-12 – it is reported as 12345023412

NDC 12345-1234-1 needs a leading zero in the third segment to be in the 5-4-2 digit format, to become 12345-1234-01 – it is reported as 12344512301

PHASE I

The first phase will be effective **September 1, 2010** and **will require NDC codes only for the 20 drug items listed below to be entered on claims.** A claim with a date of service on or after that date and which does not indicate the NDC code for any one of the following drugs will be **denied.**

For the UB04 claim form, a CPT or HCPC procedure code must be reported when using pharmacy revenue codes 0250, 0251, 0252, 0254, 0631, 0632, 0633, 0634, 0635, or 0636. When the CPT or HCPC procedure code associated with these revenue codes is on the list below, the NDC code must also be on the claim. Alternatively, a provider may enter all NDC codes for all administered drug items rather than just for the codes below.

J0570 Injection, penicillin G benzathine, up to 1,200,000 units

J0640 Injection, leucovorin calcium, per 50 mg.

J0696 Injection, ceftriaxone sodium, per 250 mg.

J1100 Injection, dexamethazone sodium phosphate, 1 mg

J1170 Injection, hydromorphone, up to 4 mg.

J1626 Injection, granisetron HCl, 100mg.

J2430 Injection, pamidronate disodium, per 30 MG

J2405 Injection, ondansetron HCl, per 1 mg.

J3010 Injection, teriparatide, 10 mcg.

J3370 Injection, vancomycin HCl, 500 mg.

J9000 Injection, doxorubicin HCl, 10 mg.

J9045 Injection, carboplatin, 50mg

J9060 Cisplatin, powder or solution, per 10 mg.

J9062 Cisplatin, 50 mg.

J9178 Injection, epirubicin HCl, 2mg.

J9190 Injection, fluororacil, 500 mg.

J9206 Injection, irinotecan, 20 mg.

J9293 Injection, mitoxantrone HCl, per 5 mg.

J9265 Injection, paclitaxel, 30 mg.

J9390 Injection vinorelbine tartrate, per 10 mg.

PHASE II

Effective **January 1, 2011**, all claims that do not indicate a valid NDC for the following HCPCS or CPT codes will be **denied.** NDC codes are required whenever the provider bills one (1) of the following HCPCS or CPT codes:

Codes in the range J0120 - J9999 (various injections and chemotherapy)

Codes in the range S0012 - S0197 and S4990 - S5014 (various items)

Codes in the range S5550 - S5571 (insulin injections)

Codes in the range 90281 – 90399 (immune globulins)

The same requirement applies to providers billing revenue codes on the UB04 claim form. HCPCS or CPT codes are required whenever the provider bills one of the following revenue codes and the claim is an outpatient hospital, emergency room facility, dialysis facility, other outpatient facility which uses the UB04 claim form. When the reported HCPCS or CPT code is one of the above, the NDC code must also be reported:
 Pharmacy revenue codes 0250, 0251, 0252, and 0254

Pharmacy revenue codes 0631, 0632, 0633, 0634, 0635, and 0636

A practitioner/provider paid on the basis of an encounter rate such as an FQHC, an IHS or tribal compact facility or a bundled rate such as drugs included in a dialysis cap charge does not need to supply an NDC code because they are not reimbursed using one of the above revenue codes. **Please Note:** This exemption **only** applies when the appropriate place of service code is utilized (e.g. FQHC – 50).

INSTRUCTIONS FOR BILLING DRUG ITEMS ADMINISTERED IN PROVIDER OFFICES, OUTPATIENT CLINICS AND HOSPITALS

Because reporting the NDC code requires practitioners/providers to use both the upper and lower rows on a claim line, be certain to line up the information accurately so that all characters fall within the proper box and row.

CMS1500 FORM

Beginning at the left edge of the shaded area of field 24A, enter the two (2)-digit qualifier “N4” immediately followed by the eleven (11)-digit NDC. For example, the entry for the NDC code 00054352763 will be: N400054352763.

Even though an NDC is entered, a valid HCPCS or CPT code must be entered in the non-shaded area of 24D. The unit of service for the HCPCS or CPT code is very important. Units for injections must be billed consistent with the HCPCS or CPT description of the code. For example, J0610 “Injection Calcium Gluconate, per 10 ml” is billed as one (1) unit for each ten (10) ml ampul used.

LINE	A. DATE(S) OF SERVICE			B. PLACE OF SERVICE	C. ICD-9-CM PROCEDURE CODE	D. PROCEDURES, SERVICES, OR SUPPLIES (Specify Units/ Circumstances) (CPT/HCPCS) (NDC/INN) (NDC/INN)	E. DIAGNOSIS (ICD-9-CM)	F. SCHAPPER	G. DRUG OR SUPPLY	H. UNIT	I. QUANTITY	J. PRESCRIBER (ICD-9)	PHYSICIAN OR SUPPLIER INFORMATION
	From	To	YY										
1													
2													
3													
4													
5													
6													

Enter NDC in the shaded area of box 24A

Optional Information:

While the minimal new information required by MAD is the qualifier, the NDC and correct reporting of units for the HCPCS or CPT code, there are additional national standards for reporting more information on drug items that other payers may eventually require. Molina Healthcare is also capable of receiving the additional information when submitted on a claim but it is not required at this time. A provider changing their billing system may want to also add information according to the following format:

- At the left edge of the shaded area of field 24A, enter the 2-digit qualifier “N4” immediately followed by the eleven (11)-digit NDC, followed by three (3) spaces, followed by one of the four (4) qualifiers for unit of measurement followed immediately by the quantity; and
- The four (4) units of measure qualifiers are:
 - F2 – International Unit;
 - GR – Gram;
 - ML – Milliliter;and
 - UN – Units.

UB04 FORM

Even though an NDC is entered, a valid revenue code must be entered in form locator 42 and a HCPCS or CPT code must be entered in form locator 44.

The NDC must be entered in box 43, which is currently labeled as “description”. Beginning at the left edge of form locator 43, enter the two (2)-digit qualifier “N4” immediately followed by the eleven (11)-digit NDC. An example of an entry for the NDC code 00054352763 will be: N400054352763.

11 CLAIM		12 DATE	13 HR	14 TYPE	15 SRC	16	17	18	19	20	21	22	23	24	25	26	27	28	STATE					
31 OCCURRENCE CODE	32 OCCURRENCE DATE	33 OCCURRENCE CODE	34 OCCURRENCE DATE	35 OCCURRENCE CODE	36 OCCURRENCE DATE	37	38	39 OCCURRENCE SPAN FROM	40 OCCURRENCE SPAN THROUGH	41	42	43	44	45	46	47	48	49	50					
38													39 VALUE CODES CODE	40 VALUE CODES AMOUNT	41 VALUE CODES CODE	42 VALUE CODES AMOUNT	43	44	45	46	47	48	49	
													a											
													b											
													c											
43 REV CD	43 DESCRIPTION	44 HCPCS / DATE / ICD9S CODE	45 SERV DATE	46 SERV UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49																	

Enter NDC in box 43

Optional Information:

- While the minimal new information required by MAD is the qualifier, the NDC and correct reporting of units for the HCPCS or CPT code, there are additional national standards for reporting more information on drug items that other payers may eventually require. Molina Healthcare is also capable of receiving the additional information when submitted on a claim but it is not required at this time. A practitioner/provider changing their billing system may want to also add information according to the following format: At the left edge of the shaded area of field 24A, enter the 2-digit qualifier “N4” immediately followed by the eleven (11)-digit NDC, followed by three (3) spaces, followed by one (1) of the four (4) qualifiers for unit of measurement followed immediately by the quantity; and
- The four (4) units of measure qualifiers are:
 - F2 – International Unit;
 - GR – Gram;
 - ML – Milliliter; and
 - UN – Units.

837 P and 837 I

You will need to notify your billing or software vendor that the NDC code is to be reported. Follow the detailed instructions in the Molina Healthcare of New Mexico, Inc. Electronic Data Interchange (EDI) Companion Guide. The EDI Companion Guide is located on the Provider Webpage at www.molinahealthcare.com

Should you have any questions on regarding these requirements, please contact your designated **Molina Healthcare Provider Services Representative toll free at (800) 377-9594.**

Molina Healthcare of New Mexico, Inc.

Adapted from the State of New Mexico Medical Assistance Program Manual, Supplement, May 15, 2010 Number: 10-03