



PI Payment Policy 44 NDC Reimbursement Policy

Purpose

This policy is intended to ensure correct provider reimbursement and serves only as a general resource regarding Molina Healthcare’s reimbursement policy for the services described in this policy. It is not intended to address every aspect of a reimbursement situation, nor is it intended to impact care decisions. This policy was developed using nationally accepted industry standards and coding principles. In the event of a conflict, federal and state guidelines, as applicable, as well as the member’s benefit plan document supersede the information in this policy. Additionally, to the extent there are any conflicts between this policy and the provider contract language, the Provider contract language will prevail. Coverage may be mandated by applicable legal requirements of a State, the Federal government or the Centers for Medicare and Medicaid Services (CMS). References included were accurate at the time of policy approval.

Policy

This policy describes the National Drug Code information that is required on professional and outpatient facility drug claims that are reported for reimbursement. National Drug Code (NDC) numbers are the industry standard identifier for drugs and provide full transparency to the medication administered. The NDC number identifies the manufacturer, drug name, dosage, strength, package size and quantity. For purposes of this policy, a valid NDC number, NDC unit of measure and NDC units dispensed for the drug administered will be required for reimbursement of professional drug claims on a 1500 Health Insurance Claim Form (CMS-1500), the 837-professional transaction, a UB-04 Claim Form or the 837i facility transaction.

The NDC is a unique numeric identifier assigned to medications listed under Section 510 of the United States Federal Food, Drug and Cosmetic Act. The 11-digit NDC is separated into three segments in a 5-4-2 format. They are as follows:

- The first five digits identify the manufacturer of the drug and are assigned by the Food and Drug Administration (FDA).
- The remaining 6 digits are assigned by the manufacturer and identify the specific product and package size

Sometimes the NDC on the label does not include the 11 digits. If this occurs, it will be necessary to add a leading zero to the appropriate section to create a 5-4-2 configuration (i.e., 66733-0948-23 in the following sample). A valid NDC without spaces or hyphens should be placed on the medical claim. The NDC number on the container may be different than the NDC number on the external package; therefore, the NDC submitted must be the actual valid NDC number on the container from which the medication was administered (i.e., If a medication has both an exterior and interior packaging containing an NDC, the interior packaging NDC should be listed on the claim.)

XXXX-XXXX-XX = 0XXXX-XXXX-XX
 XXXXX-XXX-XX = XXXXX-0XXX-XX
 XXXXX-XXXX-X = XXXXX-XXXX-0X

NDC Unit of Measure (UOM)

UOM	Description	General Guidelines
F2	International unit	International units will be used when billing for Factor VIII-Antihemophilic Factors
GR	Gram	Grams are usually used when an ointment, cream, inhaler, or



		bulk powder in a jar is dispensed. This unit of measure will primarily be used in the retail pharmacy setting and not for physician-administered drug billing
ML	Milliliter	If a drug is supplied in a vial in liquid form, bill in millimeters
UN	Unit	If a drug is supplied in a vial in powder form, and must be reconstituted before administration, bill each vial (unit/each) used

Note: ME is also a valid unit of measure, but we recommend using the appropriate UN or ML indicator as this is generally how drugs are priced.

NDC Units Dispensed The actual decimal quantity administered, and the units of measurement are required on the claim. If reporting a partial unit, use a decimal point. (i.e., if three 0.5 ml vials are dispensed, report ML1.5).

- GR0.045
- ML1.5
- UN2.0

The number of digits for the quantity is limited to eight digits before the decimal and three digits after the decimal. If entering a whole number, do not use a decimal. Do not use commas. Do not zero fill, leave remaining positions blank. Please refer to the following examples:

- 1234.56
- 2
- 12345678.123

Requiring the NDC information will differentiate drugs that share the same HCPCS (Healthcare Common Procedure Coding System), CPT (Current Procedural Terminology), or Revenue codes for drug preferences and enhance reimbursement processes.

The NDC requirement will not apply to child and adult immunization drug codes.

Reimbursement

If the NDC information is missing, invalid, incomplete, or does not match the HCPCS or CPT submitted, the claim may be denied. If the claim is denied, it can be resubmitted with the appropriate NDC information for reconsideration of reimbursement. Maximum Units per Package Units submitted for a drug should not exceed the package maximum units available based on the NDC number or in increments associated with the drug package. Maximum units will be applied for specific drugs where a specific and standard number of units should be submitted per the NDC of the package.

When units submitted exceed, the maximum units allowed per package or when units submitted are not in increments of the package, the units over the maximum unit will be denied.

Claim Submission Requirements

Bill using UB-04 and CMS-1500 paper claim forms:

Form type	Form locator	Format
-----------	--------------	--------

UB-04	FL43	<p>N4 + NDC + UOM + quantity Example: N4555103026710ML5.5</p> <p>You must use the decimal point if reporting a fraction of a unit.</p>
CMS-1500	FL24 <i>(Shaded line)</i>	<p>N4 + NDC + 3 spaces + UOM + quantity Example: N4555103026710 ML5.</p> <p>You must use the decimal point if reporting a fraction of a unit.</p>
Special reporting considerations	<p>For reporting of compound drugs, the service line data should be repeated and...</p> <ul style="list-style-type: none"> • Modifier KP should be used on the first service line (primary drug) • Modifier KQ should be used on the second service line (subsequent drug) • Modifier KQ can be repeated as many times as it takes to report a compound drug • Modifier JW should be used for discarded units and eligible for payment under discarded drug policy • The following modifiers can be used to show 340-B discount participation <ul style="list-style-type: none"> a. UD b. JG c. TB 	

Bill using 837I and 837P EDI (Electronic Data Interchange) transactions:

Data element	Loop	Segment/element	Information
Product or Service ID Qualifier	2410	LIN02	If billing for an NDC, enter "N4"
NDC		LIN03	If billing for drugs, include the 11-Digit NDC

UOM (Unit of measurement)		CTP05-01	
Unit price		CTP03	
Quantity		CTP04	If an NDC was submitted in LIN03, include the administered NDC quantity.
Prescription Number		REF02	Report Prescription number associated with the NDC using XZ reference number. Sample: REF*XZ*Prescription Number~ Report Link sequence number associated with the NDC using VY Sample: REF*VY*Line Sequence Number~
Note: The NDC unit price in CTP03 is required to complete the 837 requirements for Loop 2410.			

Documentation History

Type	Date	Action
Effective Date		New Policy
Revised Date		

References

	Document Name	Reference Link
CMS-ASP	On a quarterly basis CMS publishes HCPCS /NDC Xwalk Document that payors can follow to gather appropriate NDC information from providers. CMS guidance requires physicians and other	2022 ASP (Average Sales Price) Drug Pricing Files CMS

		providers to bill using the appropriate HCPCS or CPT code and to accurately report the units of service.	
FDA		The U.S. Food and Drug Administration (FDA) package insert includes the NDC information. Online, the FDA publishes an online searchable National Drug Code Directory and has other public resources.	National Drug Code Directory FDA
NUCC		1500 Claim form Billing Rules that are published by NUCC (National Uniform Committee)-version 9.0 (Page 45 onwards)	National Uniform Claim Committee - 1500 Instructions (nucc.org)
CMS IOM		1500 Claim UB (Uniform Billing) Claim	CMS Manual System CMS Manual System
CMS- Lesser of NDC Pricing			https://www.cms.gov/outreach-and-education/outreach/partnerships/downloads/11315-p.pdf https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c17.pdf
340B drug discount rules and regulations			340B Drug Pricing Program Official web site of the U.S. Health Resources & Services Administration (hrsa.gov)
NADAC (National Average Drug Acquisition Cost) pricing files			National Average Drug Acquisition Cost (medicaid.gov)
FUL (Federal Upper Limit)			ACA Federal Upper Limits (medicaid.gov)
Palmetto GBA		NDC and HCPCS Crosswalk	PDAC - NDC/HCPCS Crosswalk (palmettogba.com)
Noridian			Drugs, Biologicals and Injections - JE Part B - Noridian (noridianmedicare.com)

Medicaid Labeler code list		Drug Manufacturer Contacts (medicaid.gov) New/Reinstated & Terminated Labeler Information Medicaid
CA		Medi-Cal: National Drug Code: FAQs (Frequently Asked Questions) Physician-Administered Drugs – NDC (physician ndc) (ca.gov) Medi-Cal Rx Homepage
FL	Summary of Drug limitations Florida Medicaid Preferred Drug program NDC Carve outs	Florida Medicaid Preferred Drug List (PDL) (myflorida.com) Florida Medicaid Preferred Drug Program (myflorida.com) https://ahca.myflorida.com/medicaid/Policy_and_Quality/Quality/fee-for-service/hemophilia.shtml
OH		Hospital Billing Guidelines (ohio.gov)
MI		Managed Care Common Formulary Listing.pdf (michigan.gov) MEDICAID POLICY BULLETIN (michigan.gov) MEDICAID POLICY BULLETIN (michigan.gov)
IL	UD modifier for 340B 634 and 635 revenue code also require an NDC	Provider Notice Issued 04/15/2021 HFS (illinois.gov) DEFINITIONS (illinois.gov) h200.pdf (illinois.gov)
WA	340B pricing Drugs administered to managed care clients but reimbursed through fee-for-service Professional administered drugs	340B Drug Pricing Program Washington State Health Care Authority MCO-admin-drugs-reimbursed-FFS.xlsx (live.com) Provider billing guides and fee schedules Washington State Health Care Authority
TX		Vendor Drug Program TMHP 2_Outpatient_Drug.fm (tmhp.com)
WI	NDC search tool Provider administered drugs	Print (wi.gov) Print (wi.gov) ForwardHealth Provider Type: 31 Physicians (wi.gov) ForwardHealth Provider Type: 24, Pharmacy (wi.gov) Medicaid Drug Rebate Program (MDRP) Medicaid
MS		Pharmacy Mississippi Division of Medicaid (ms.gov)
AZ	NDC Billing requirements Additional NDC billing requirements 340B Rule	Pharmacy Updates and Information (azahcccs.gov) NDCBillingRequirementsFAQs_Additional.pdf (azahcccs.gov) Pharmacy Updates and Information (azahcccs.gov)
NY	Reimbursable drugs Physician procedure codes: Medicine and drugs	eMedNY : Information : Formulary File eMedNY : Provider Manuals : Physician

		Fee schedules: Drugs If a code has an BR- then evaluate the drug cost through invoice validation	
	MA	MassHealth Acute Hospital Carve-Out Drugs List MassHealth Pharmacy Covered Professional Services List	MassHealth Drug List - Health and Human Services (conduent.com)
	VA	340B drug program Hospital manual chapter IV	VAMPS FAQ 340B.pdf (virginiamedicaidpharmacyservices.com)

Supplemental Information

Definitions

Term	Definition
CMS	Center for Medicare and Medicaid