

National Drug Code Requirements for the Drug Rebate Program

Effective August 26, 2016, BlueCross BlueShield of South Carolina and BlueChoice® HealthPlan will implement the requirement for a National Drug Code (NDC), NDC unit of measure and NDC quantity for all professional and institutional outpatient-administered drug claims. The original effective date of this requirement, March 1, 2015, was postponed in effort to allow providers time to work with office staff and software vendors to prepare for the implementation of this requirement.

Below you will find a history of the Drug Rebate Program and some frequently asked questions that provide information about how to submit the NDC, NDC unit of measure and NDC quantity:

On January 1, 1991, the Medicaid Drug Rebate Program, created by the Omnibus Budget Reconciliation Act of 1990, became effective. The law requires that drug manufacturers enter into an agreement with the Centers for Medicare & Medicaid Services (CMS) to provide rebates for their drug products that are paid for by Medicaid. The Deficit Reduction Act of 2005 expanded the rebate requirement to include outpatient-administered drugs that state Medicaid programs cover. In addition, the Patient Protection and Affordable Care Act (PPACA) expanded the rebate requirement to include drugs that all managed care organizations cover. These federal regulations require states to collect NDC numbers on all physician, outpatient hospital and dialysis facility claims with outpatient drugs for billing manufacturers for drug rebates.

Frequently Asked Questions

1. Why do I have to bill with NDCs in addition to HCPCS codes?

The PPACA of 2010 includes a provision about state collection of data for the purpose of collecting Medicaid drug rebates from drug manufacturers for outpatient-administered drugs from managed care claims. Since there are often several NDCs linked to a single HCPCS code, CMS deems the use of NDC numbers as critical to correctly identify the drug and manufacturer in order to invoice and collect the rebates.

2. What is an NDC?

The NDC is a universal number that identifies a drug. The NDC number consists of 11 digits in a 5-4-2 format. The Federal Drug Administration (FDA) assigns the first five digits, which identify the manufacturer of the drug. The manufacturer assigns the remaining digits, which identify the specific product and package size. Some packages will display less than 11 digits, but you can assume leading zeroes and need to use them when billing. For example:

XXXX-XXXX-XX = 0XXXX-XXXX-XX

XXXXX-XXX-XX = XXXXX-0XXX-XX

XXXXX-XXXX-X = XXXXX-XXXX-0X

You'll find the NDC on the drug container (vial, bottle or tube). The NDC you submit to us must be the actual NDC number on the package or container from which you administered the medication.

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

3. 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 you submit 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 this table:

10-Digit NDC to 11-Digit NDC				
10-Digit Format		Add a Zero in ...		Report NDC as ...
4-4-2	*#####-###-##	1 st Position	0#####-###-##	0#####
5-3-2	#####-*###-##	6 th Position	#####-0###-##	#####0#####
5-4-1	#####-###-*#	10 th Position	#####-###-0#	#####0#

Note: Asterisk (*) denotes missing digit in 11-digit (5-4-2) format.

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

Yes, they are different from the NDC units. Continue using the HCPCS/CPT/revenue code and service units as you do today. They are the basis for your reimbursements. NDC units are based on the numeric quantities you administer to the patient and the Unit of Measure (UOM).

Unit of Measure	
F2	International Unit
GR	Gram
ML	Milliliter
UN	Unit (each)

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

Yes, you will need to include both. The HCPCS description and units of service determine the provider reimbursement. The state's federally mandated rebate program is based on the NDC and those units. Here are examples of NDC units and HCPCS units:

HCPCS Code	HCPCS Description	Drug Form	Brand/Generic Name and Strength	HCPCS Unit	NDC Qty.	NDC UOM
J0170	Injection, Adrenalin Epinephrine, up to 1ml	1ml Ampoule	Epinephrine (S.D.V.) 1mg/ml;-1ml	1	1	ml
J1260	Injection, Dolasetron Mesylate, 10mg	Vial	Anzemet (S.D.V.) 20ml/23-1ml	2	1	ml
J2469	Injection, Palonosetron HCL, 25mcg	Vial	Aloxi (S.D.V.,PF) 0.05mg/ml-5ml	1	5	ml

6. If I administer 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 have determined the rebate unit amount. Use these rules for guidelines:

- If a drug comes in a vial in powder form and has to be reconstituted before you administer it, bill each vial (unit/each) you use (UN).
- If a drug comes in a vial in a liquid form, bill in milliliters (ML).

- You usually will use grams (GR) when you dispense an ointment, cream, inhaler or bulk powder in a jar. This UOM will primarily be used in the retail pharmacy setting and not for outpatient-administered drug billing.
- You mainly will use international units when billing for Factor VIII-Antihemophilic Factors (F2).

Examples:

1. A patient received 4 mg Zofran IV in the physician's office. The NDC you used was 00173-0442-02, which is Zofran 2 mg/ml in solution form. There are 2 milliliters per vial. You would bill J2405 (Ondansetron Hydrochloride, per 1 mg) with 4 HCPCs units. Since this drug comes in a liquid form, you would bill the NDC units as 2 milliliters (ML2).
2. A patient received 1 gram of Rocephin IM in the physician's office. The NDC of the product used was 00004-1963-02, which is Rocephin 500 mg vial in a powder form that you needed to reconstitute before the injection. You would bill J0696 (ceftriaxone sodium, per 250 mg) with 4 HCPCs units. Since this drug comes in powder form, you would bill the NDC units as 2 units (also called two each) (UN2).

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

7. How will I bill NDC information on electronic and paper claim forms?

Submit HCPCs codes as usual and add NDC and quantity information (as in question 3) for claims you submit.

Electronic Billing Format

If you bill electronically using the 837 transaction, complete the Drug Identification and Drug Pricing segments in Loop 2410 following these instructions:

Loop	Segment		Element Name	Information	
2410	LIN	02	Product or Service ID Qualifier	N4	
2410	LIN	03	Product of Service ID	NDC (National Drug Code)	
2410	CTP	04	Quantity	Quantity of the NDC billed	
2410	CTP	05-1	Unit or Basis for Measurement Code	Unit or basis for measurement qualifier code for the quantity of the NDC billed:	
				F2	International Unit
				GR	Gram
				ME	Milligram
				ML	Milliliter
				UN	Unit

8. 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 you submit to us must be the actual NDC on the package or container from which you administered the medication.

9. Do drugs I bill 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.

10. Are NDCs required for certain revenue codes?

Yes, certain revenue codes do require that the HCPCS and NDC be included on the claim. For example, revenue code 63X (Pharmacy) must be reported with a HCPCS and NDC for reimbursement.

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12. Do radiopharmaceuticals or contrast media require NDCs?

At this time, radiopharmaceuticals and contrast media do not require NDCs.

13. Do vaccines/immunizations require an NDC?

Not at this time.

14. Are Medicare claims included in the NDC requirement?

Yes. Claims for members who are dually eligible for Medicare require NDCs with HCPCS codes.

15. Do dentists need to bill with both HCPCS and NDC numbers?

No. Use of NDCs with HCPCS codes is not applicable to dentists.

16. 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 for his family physician to administer, 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.

17. How should I bill for a drug when I only administer a partial vial?

Bill using the HCPCS code with the corresponding units you administer. When calculating the NDC units, you should convert the HCPCS code units to the NDC units using the proper decimal units. For example, use the patient scenario in question 6. If the patient received only 2mg of Zofran3 and you used the same NDC (Zofran3 2mg/ml in a 2ml vial), the billing should look like this: HCPCS - J2405 (Ondansetron Hydrochloride, per 1mg), two units, NDC 00173044202, ML1.

18. How should I bill for compound drugs?

If the drug you administer is comprised of more than one ingredient (i.e., compound or same drug with different strength, etc.), you must represent each NDC on a claim line using the same drug code.

Standard HCPCS billing accepts the use of modifiers to determine when more than one NDC is billed for a service code.

Modifier Code	Description
KP	First drug of a multiple drug unit dose formulation
KQ	Second or subsequent drug of a multiple drug unit dose formulation
SH	Second or concurrently administered infusion therapy
SJ	Third or more concurrently administered infusion therapy

19. How will I bill NDC information on My Insurance ManagerSM?

If you bill electronically using My Insurance Manager, complete the required NDC, NDC unit of measure and NDC quantity fields in the Drug Identification section under Claim Lines.

Claim Lines

Please note: You must identify a Rendering Provider on all claim lines when these services were not rendered by the Billing Provider or by the Rendering Provider identified earlier.
You must identify a Referring Provider on all claim lines when these services are related to a referral.

Line 1

* Procedure: Modifiers: * Charges: \$

* Unit Type: --Please Choose One-- * Unit(s):

* From Date of Service: 03/02/2015 To Date of Service: * Primary and Secondary Diagnosis Codes:

mm/dd/yyyy mm/dd/yyyy

Place of Service: Procedure Description:

Drug Identification: [show/hide](#)

Please enter information about prescribed or administered drugs in this section.
If the drug has a prescription number, please choose Pharmacy Prescription Number in the Prescription Number Qualifier field, then enter the number in the Prescription Number field.
A prescription number is not required if the drug was provided without a prescription (for example, in a physician's office).
Beginning March 1, 2015, begin filing claims with National Drug Code (NDC), NDC unit of measure and NDC quantity for all outpatient-administered drug claims.

National Drug Code: Unit(s): Measurement Code: --Please Choose One--

Prescription Date: Prescription Number Qualifier: --Please Choose One-- Prescription Number:

mm/dd/yyyy

You can find additional information about NDC requirements or the Drug Rebate Program by contacting provider.education@bcbsc.com or by going to www.cms.gov. (This link leads to a third party site. That organization is solely responsible for the contents and privacy policies on its site.)

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