




Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
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MassHealth
Acute Outpatient Hospital Bulletin 22
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TO: Acute Outpatient Hospitals Participating in MassHealth

FROM: Tom Dehner, Medicaid Director 

RE: **Reporting National Drug Code (NDC) Information for Physician-Administered Drugs by Outpatient Hospitals, Hospital-Licensed Health Centers (HLHCs), and Other Satellite Facilities**

Background

To meet compliance standards outlined in the Deficit Reduction Act (DRA) of 2005, effective September 15, 2008, MassHealth will be requiring outpatient hospital departments to submit national drug codes (NDCs) with NDC units and appropriate descriptors to accompany claims for drugs paid by a HCPCS Level II code on institutional claim forms. This information will be required for claims with dates of submission on or after September 15, 2008. This requirement does not apply to hospital claims that are paid as part of a bundled rate, such as the claims paid through the bundled hospital Payment Amount Per Episode (PAPE). This includes Medicare crossover claims. Claims that do not have this information will be denied, or subject to recoupment.

MassHealth is not requiring an NDC for vaccines, radiopharmaceuticals, or contrast media at this time.

Reminder

The requirement to supply NDCs, NDC units, and descriptors on professional claims has been in effect since January 1, 2008.

Reasons for Reporting NDCs

The federal government requires state Medicaid agencies to maximize the collection of rebates from drug manufacturers. In order to collect these rebates, MassHealth must positively identify the manufacturer and metric quantity of the drugs dispensed. The Level II HCPCS codes used for billing by physicians do not contain sufficient information and are therefore unusable for this purpose. Accordingly, the Centers for Medicare & Medicaid Services require states to ensure that providers bill using NDC codes for physician-administered drugs and that the states collect and report on NDC codes.

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Reimbursement Policy

MassHealth's coverage and pricing procedures have not changed with regard to medications administered in the clinical setting. Provider reimbursement is based on the HCPCS description and units of service.

Use the HCPCS code and service units as you have in the past; this is the basis for your reimbursement.

About NDCs

The NDC is a universal number that identifies a drug. The NDC number consists of 11 digits in a 5-4-2 format. The first 5 digits identify the manufacturer of the drug and are assigned by the Food and Drug Administration. The remaining digits are assigned by the manufacturer and identify the specific product and package size.

Some packages will display less than 11 digits, but leading zeroes can be assumed and need to 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 (vial, bottle, tube, etc). The NDC submitted to MassHealth must be the actual NDC number on the package or container from which the medication was administered. Do not bill for one manufacturer's product and dispense another.

NDC units are based upon the numeric quantity administered to the patient and the unit of measurement. The unit of measurement (UOM) codes are as follows.

F2 = International Unit

GR=Gram

ML = Milliliter

UN = Unit (Each)

The actual metric decimal quantity administered and the unit of measurement are required for billing. If reporting a fraction, use a decimal point. For example: If three 0.5-ml vials are dispensed, the correct quantity to bill is 1.5 ml.

Billing using the 837I

Submit HCPCS codes as usual and add NDC and quantity information as identified in the table on the next page.

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Billing using the 837I
(cont.)

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

Loop	Segment		Element Name	Information
2410	LIN	02	Product or Service ID Qualifier	If billing for a national drug code (NDC), enter the product or service ID qualifier.
2410	LIN	03	Product or Service ID	If billing for drugs, include the NDC. An NDC is not required for vaccines.
2410	CTP	03	Unit Price	If an NDC was entered in LIN03, include the unit price for the NDC billed.
2410	CTP	04	Quantity	If an NDC was submitted in LIN03, include the quantity for the NDC billed.
2410	CTP	05-1	Unit or Basis for Measurement Code	If an NDC was submitted in LIN03, include the unit or basis for measurement code for the NDC billed using the appropriate code qualifier: F2 — International unit GR — Gram ML — Milliliter UN — Unit

Billing using the UB-04

The following instructions are copied from the National Uniform Billing Committee (NUBC) Web site at www.nubc.org.

Use the Revenue Description Field (Form Locator 43) on the UB-04, following the instructions below.

- Report the N4 qualifier in the first two positions, left-justified, followed immediately by the 11-character National Drug Code number in the 5-4-2 format (no hyphens).
- Immediately following the last digit of the NDC (no delimiter), is the Unit of Measurement Qualifier. The Unit of Measurement Qualifier codes are as follows:
 - F2-International Unit
 - GR-Gram
 - ML-Milliliter
 - UN-Unit

Billing using the UB-04
(cont.)

- Immediately following the Unit of Measurement Qualifier, you will find the unit quantity with a floating decimal for fractional units limited to three digits (to the right of the decimal).
- Any spaces unused for the quantity should be left blank.

Note that the decision to make all data elements left-justified was made to accommodate the largest quantity possible. The Description Field on the UB-04 is 24 characters long. An example of the methodology is illustrated below.

N	4	1	2	3	4	5	6	7	8	9	0	1	U	N	1	2	3	4	.	5	6	7	
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Questions

MassHealth has posted frequently asked questions about this NDC requirement on the MassHealth Web site at www.mass.gov/masshealth. Click on Information for MassHealth Providers, then click on National Drug Code (NDC) Requirements for Physician Administered Medication. If you have any questions about the information in this bulletin, please contact MassHealth Customer Service at 1-800-841-2900, e-mail your inquiry to providersupport@mahealth.net, or fax your inquiry to 617-988-8974.
