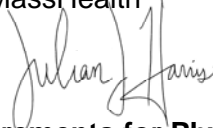




**MassHealth
Community Health Center Bulletin 69
December 2011**

TO: Community Health Centers Participating in MassHealth
FROM: Julian J. Harris, M.D., Medicaid Director 
RE: Updates to the National Drug Code Requirements for Physician-Administered Medications

Background

This bulletin updates the MassHealth billing policy for claims by community health centers (CHCs) for drugs administered as part of an outpatient visit (physician-administered drugs). Effective January 1, 2012, all claims with dates of service on or after January 1, 2012, including without limitation, claims for drugs purchased through the 340B program, will require national drug code (NDC) information. NDC information includes NDCs, NDC units, and appropriate descriptors. These requirements apply to physician-administered drugs that are billed separately and identified on the claim with a Level II HCPCS code.

This requirement includes claims billed to Medicare for dually eligible members (Medicare and MassHealth). The NDC information will be included on Medicare crossover claims transmitted to MassHealth from the coordination of benefits contractor (COBC).

Please Note:

- MassHealth is making these changes now, in conjunction with the implementation of the HIPAA 5010 standards.
- No NDC information is required for vaccines.
- Claims that do not have the required NDC information will be denied or be subject to recoupment.

**340B Claims and
the UD Modifier**

In addition to including the NDC information on claims, effective for claims with dates of service on or after January 1, 2012, providers must add modifier UD to the HCPCS code to identify drugs purchased through the 340B drug pricing program.

Under the federal 340B program, providers who qualify as 340B-covered entities are able to acquire drugs at significantly discounted rates.

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**340B Claims and
the UD Modifier**
(cont.)

Because of the discounted acquisition cost, 340B drugs are not eligible for the Medicaid drug rebate program. Accordingly, state Medicaid programs must be able to distinguish between claims for 340B drugs and claims that are not for 340B drugs. For this reason, providers must add modifier UD to the HCPCS code to identify drugs purchased through the 340B program.

Payment Policy

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

Providers must continue to include the HCPCS units and service codes on the claim as in the past. This is still the basis for payment.

**Information
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 (i.e., xxxxx-xxxx-xx). The first five 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 fewer 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 (i.e., vial, bottle, or tube). The NDC submitted to MassHealth must be the actual NDC number on the package or container from which the medication was administered (with any necessary leading zeros applied). 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 units of measurement (UOM) codes are

F2 = International Unit
GR = Gram
ME = Milligram
ML = Milliliter
UN = Unit (each)

Please Note: In the 5010 standard, the new unit of measure of "ME" is added as the descriptor for milligrams.

**Information
About NDCs**
(cont.)

The actual metric decimal quantity administered and the unit of measurement are required for billing. If reporting a fraction, use a decimal point.

Example: If three 0.5-ml vials are dispensed, the correct quantity to bill is 1.5 ml.

Please Note: NDC units are **not** the same as HCPC code units.

Instructions for Billing

Use the 5010 versions of the 837P Companion Guide and the Billing Guide for the CMS-1500 for information about how to include the NDC information, and the UD modifier for 340B-purchased drugs, on drug claims. (Copies of these billing instructions can be found at www.mass.gov/masshealth/5010.)

Additionally, as part of the 5010 implementation, MassHealth will make additional changes to eliminate the need for paper claims. This includes modifying the Provider Online Service Center (POSC) to allow providers to enter NDC data.

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 Medications.

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.
