



First Health Services Corporation®

A Coventry Health Care Company

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1-800-770-5650
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<http://alaska.fhsc.com>



CORRECTED

April 14, 2008

Notice of Changes to Billing Requirements for Drugs Administered in Outpatient Clinical Settings:

Effective April 1, 2008, Alaska Medical Assistance claims must include NDC (National Drug Code) information for drugs administered by health care providers in outpatient clinical settings. These services are currently represented on professional claims by use of HCPCS codes, and on institutional claims by use of revenue codes 025x and 063x. Billing instructions to incorporate this requirement are included herein.

Background:

All Medicaid State Agencies (MSAs) are required to participate in a drug rebate program with drug manufacturers. MSAs are authorized to claim Medicaid federal match dollars for drugs administered in outpatient clinical settings only when those drugs are part of the drug rebate program. In the past, this has been a transparent process to the provider community but additional rule changes made in the federal Deficit Reduction Act of 2005 require this action by the State of Alaska. **The new law mandates there will be no federal matching dollars for physician-administered drugs for which a State has not required the submission of claims using codes that identify the drugs sufficiently for the State to bill a manufacturer for rebates. The law identifies those codes as NDC numbers.**

Claims submitted for drugs from manufacturers that are not part of the drug rebate program on the claim date of service will be denied.

Instructions for Billing NDC code:

Both the HCPCS code and quantity and the NDC code, unit of measure and quantity, are required for professional and outpatient claims for all physician-administered drugs.

Professional Claims (submitted on behalf of physicians, physician groups, podiatrists, podiatry groups, nurse practitioners, nurse midwives, I.H.S./Tribal clinics, federally qualified health centers, rural health clinics, family planning clinics, and portable radiology providers):

CMS-1500 paper claim form

NDC information will be entered in the shaded portion of line 24 as follows:

- In the area above 24a – Enter qualifier 'N4'.
- Immediately following the N4 qualifier, enter the 11-digit National Drug Code number. Do not enter hyphens or spaces within the NDC number.
- In the area above 24d – Enter the NDC unit of measure (2 positions) immediately followed by the numeric quantity administered to the patient. Enter the actual metric decimal quantity (units) administered. The quantity field is limited to 9 bytes in the format 99999.999. Enter the quantity from left to right. Enter the decimal point. Leave spaces at the end of the field. The valid unit of measurement codes are:
F2=International Unit
GR=Gram
ML=Milliliter
UN=Unit
- In the area above 24f – Leave blank
- In the area above 24g – Enter LTC if the recipient is in a long term care facility.

The HCPCS code will continue to be entered in 24 D with the charges in 24 F and the units in 24G.



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837P professional EDI format

Loop 2410:

Field CTP04 – Enter quantity

Field CTP05 – Enter unit of measure

Example: CTP****2*UN~

Field LIN02 – Enter qualifier 'N4'

Field LIN03 – Enter NDC without hyphens

Example: LIN**N4*1234567891~

HCPCS information will continue to be entered in loop 2400 in field SV1.

Institutional Claims (submitted on behalf of outpatient hospitals and end-stage renal dialysis centers):

HCPCS code and NDC will be required for drugs billed using revenue code 025x or 063x.

UB-04 claim form -

Using the Revenue Description field (Form Locator 43) on the UB-04:

- Enter the NDC qualifier 'N4' in the first two (2) positions.
- Immediately following the N4 qualifier, enter the 11-digit National Drug Code number (no hyphens).
- Immediately following the last digit of the NDC (no delimiter), enter the Unit of Measurement Qualifier. The Unit of Measurement Qualifier codes are as follows:
 - F2 =International Unit
 - GR=Gram
 - ML=Milliliter
 - UN= Unit
- Immediately following the Unit of Measurement Qualifier, enter the unit quantity with a floating decimal for fractional units limited to three (3) digits to the right of the decimal. Enter the quantity from left to right; leave spaces to the end of the field.
- The Revenue Description field on the UB-04 is 24 characters in length.
- Example: N 4 1 2 3 4 5 6 7 8 9 0 1 U N 1 2 3 4 . 5 6 7

Using the HCPCS Code field (Form Locator 44) on the UB-04:

- Enter the 5 character HCPCS code

Using the Service Units field (Form Locator 46) on the UB-04:

- Enter the corresponding service units for the HCPCS reported.

837I Institutional – EDI format

Loop 2400:

Field SV201 – Enter the revenue code

Field SV202-1 – Enter qualifier 'HC'

Field SV202-2 – Enter the HCPCS code

Field SV204 – Enter qualifier 'UN'

Field SV205 – Enter the quantity

Example: SV2*250*HC*Jxxxx**UN*1~



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Loop 2410:

Field LIN02 – Enter qualifier ‘N4’

Field LIN03 – Enter NDC without hyphens

Example: LIN**N4*12345678912~

Field CTP04 – Enter quantity

Field CTP05 – Enter unit of measure

Example: CTP*****2*ML~

General Information/FAQs:

What happens to providers who do not comply?

The noncompliant provider will not be reimbursed because the State of Alaska will otherwise lose the matching federal funds for these services.

How do I know if a drug is eligible for rebate?

A current listing of the manufacturers that have signed rebate agreements can be found on the CMS website:

http://www.cms.hhs.gov/MedicaidDrugRebateProgram/10_DrugComContactInfo.asp. Remember to check the website periodically for changes.

What information do I need to include on claims?

Include the:

- NDC number
- NDC units of measurement
- Numeric quantity (actual metric decimal quantity) administered, and
- Corresponding HCPCS values and units. (HCPCS are typically J-codes but may also include some S-codes or Q-codes.)

See “Instructions for Billing NDC Code” in this document.

Do these reporting requirements apply to claims for patients who have more than one payer?

Yes. This applies to all claims paid under Medicaid. It includes claims for which Medicare is primary to Medicaid, as well as other insurance which is primary to Medicaid.

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

Yes.

Are the NDC units different from the HCPCS code units?

Yes. NDC units are based on the numeric quantity administered to the patient and the unit of measurement. The actual metric decimal quantity administered and the unit of measurement is required for billing. If reporting a fraction, use a decimal point. As listed earlier in this document, the unit of measurement codes are:

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

Continue to use the HCPCS code and service units as you do now.



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If the physician administered 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. The rule of thumb is:

- If a drug comes in a vial in powder form and has to be reconstituted before administration, then bill each vial (unit/each) used.
- If a drug comes in a vial in a liquid form, bill in milliliters.
- Grams are usually used when an ointment, cream, inhaler, or a bulk powder in a jar are dispensed. This unit of measure will primarily be used in the retail pharmacy setting and not for physician-administered drug billing.

Which NDC should be reported?

The NDC number being submitted to Medicaid must be the actual NDC number on the container from which the medication was administered. For example, a package with more than one vial may have a package NDC which is different from the NDC on each of the vials. Use the NDC number on the vial for your claims reporting.

If the NDC is not part of the rebate program or I am not sure which NDC was used, may I pick another NDC under the J-Code and bill with it?

No. The NDC submitted to Medicaid must be the actual NDC number on the container from which the medication was administered. It is considered a fraudulent billing practice to bill using an NDC other than the one administered.

Do radiopharmaceuticals or contrast media require an NDC?

No, not at this time.

Do vaccines/immunizations require an NDC?

No. Vaccines are reported by CPT codes.

Are dentists impacted?

No.

Do anesthesia drugs require NDCs?

No. Drugs used for local anesthesia, general anesthesia, or conscious sedation are bundled together under other codes.

Do I bill the HCPCS code and NDC of a drug I administer but did not purchase?

No. For example, if the patient has a prescription filled and brings the drug into the facility to have the physician administer it, the drug may not be billed by the physician. The physician should bill only for the administration of the drug. The retail pharmacy would have billed for the drug already.

Sample drugs are not payable by Alaska Medicaid.

How will drug pricing be determined?

Pricing will be based on the NDC Drug Formulary File Estimated Acquisition Cost (average wholesale price) less 5 percent.

Our facility uses 340b drugs. Are we exempt from reporting NDC?

No. Providers must bill with an NDC number. The facility must register their Medicaid Provider ID with the Pharmacy Services Support Center at <http://pssc.aphanet.org/>.

Is there someone I can call if I have questions about billing with an NDC?

Call Provider Inquiry at (907) 644-6800 or (800) 770-5650 in-state toll free.