

South Carolina
DEPARTMENT OF HEALTH AND HUMAN SERVICES
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MEDICAID BULLETIN

TO: Providers Indicated

SUBJECT: New National Drug Code (NDC) Billing Requirement for Drug-Related HCPCS Codes

To comply with Centers for Medicare and Medicaid Services (CMS) requirements related to the Deficit Reduction Act (DRA) of 2005, a change involving **all** drugs administered in an office/clinic or other outpatient setting will become effective with dates of service on and after **January 1, 2007**. The South Carolina Department of Health and Human Services (DHHS) will require providers billing for prescription drug products administered in an office or outpatient setting using a drug-related Healthcare Common Procedure Coding System (HCPCS) code to include the following data elements on all electronic, SC Medicaid Web-Based Claims Submission Tool (Web Tool), and paper claim (*i.e.*, CMS-1500) submissions:

- **National Drug Code (NDC)** - Using a 5-4-2 format (*i.e.*, 5-digits, followed by 4-digits, followed by 2-digits [99999-9999-99]), each NDC must be an **11-digit code** (see "Converting NDCs from 10-digits to 11-digits" on page 7 of this bulletin) unique to the manufacturer of the specific drug or product administered to the beneficiary. Examples of proper formatting appear on page 7.
- **Quantity of each submitted NDC** - Must be a numeric value greater than zero.
- **Unit of measurement (UOM) for each submitted NDC** - Valid codes include:

○ F2 (international unit)	○ ML (milliliter)
○ GR (gram)	○ UN (unit)

Note: Individual billing software programs may need to be modified to include the required NDC-related fields. Additionally, providers must implement a process to record and maintain the NDC(s) of the drug(s) administered to the beneficiary as well as the quantity of the drug(s) given.

Submitting NDC-Related Data on the Web Tool

The required entry fields on the Web Tool are the NDC, the Units (Quantity), and the Unit of Measurement (UOM).

NDC – All numeric **11-digit code** (no hyphens or spaces)

NDC Units value –Maximum length of thirteen (13), including the decimal point ".", with the whole number portion having a maximum length of nine (9) and the decimal portion having a maximum length of three (3). Following are various examples. **Note:** No decimal required with the whole number.

Examples:

1	2	.	3	7	5							
1	2											
		0	.	5								
1	2	3	4	5	6	7	8	9				
1	0	0	0	0	0	0	0	0	.	3	7	5

NDC Unit of Measurement - Length of two (2) bytes with valid codes to include: **UN, F2, ML, GR**

The required NDC fields will be placed on the detail line entry screen.

For the translator, Unit Price is required, but this value will be set to \$0.00 by the Web Tool program for the translator. (No entry required by the provider.)

Please refer to the SC Medicaid Web-based Claims Submission Tool (**The Web Tool**) guide at www.scm Medicaid provider.org and click on SC Medicaid Web-based Claims Submission Tool.

Submitting NDC-Related Data on Hard Copy Claims

Regarding hard copy claims, effective with dates of service beginning January 1, 2007, DHHS will accept only claims submitted on the revised CMS-1500 (08-05 version) when a procedure code for a drug administered in an office/clinic or other outpatient setting is billed. When such a procedure code is entered in box 24D (unshaded area), a corresponding **11-digit NDC number** must also be indicated on the claim (shaded area). The six service lines in section 24 have been divided horizontally to accommodate submission of both the National Provider Identifier (NPI) and another/proprietary identifier during the NPI transition and to accommodate the submission of supplemental information (e.g., NDC number[s]) to support the billed service. The top area of the six service lines is shaded and is the location for reporting supplemental information. **It is not intended to allow the billing of 12 lines of service.** The NDC number-related data is to be placed in the shaded sections of 24A and 24D.

The qualifier **N4** must precede the NDC number. Refer to the example below:

24.A. (Shaded) - Enter 2-digit NDC Qualifier (**N4**) with 11-digit NDC #

24.J. (shaded)- Enter Rendering Medicaid Provider ID #
 (unshaded)- Enter Rendering NPI #

24. A. DATE(S) OF SERVICE				B.	C.	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)			E.	F.	G.	H.	J.	
From		To		Place of Service	EMG	CPT/HCPCS	MODIFIER	DIAGNOSIS POINTER	\$ CHARGES	DAYS OR UNITS	EPSDT	Family Plan	ID.	RENDERING PROVIDER ID. #
MM	DD	YY	MM										DD	YY
N400045025446						ML1.25							1D	123456
10	01	05	10	01	05	11	J1631			59	22	2.5	NPI	0123456789

Please complete the following boxes as described below when billing for drug-related codes on the CMS-1500 (08-05 version):

▪ **Box 24A:**

- Shaded area: Enter the NDC qualifier of **N4**, followed by an 11-digit NDC number. Do not enter a space between the qualifier and the NDC. Do not enter hyphens or spaces *within* the NDC number. **The NDC number being submitted to Medicaid must be the actual NDC number on the package or container from which the medication was administered.** Refer to the formatting examples on page 7 to be certain that the submitted NDC is properly formatted.
- Unshaded area: Enter the date(s) of service.

▪ **Box 24B:**

- Unshaded area: Enter the appropriate two-digit code from the Place of Service Code list for each item used or service performed.

▪ **Box 24C:**

- Unshaded area: Determine if this element (Emergency Indicator) is necessary. If required, enter Y for “YES” or leave blank if “NO.” The definition of emergency would be either defined by federal or state regulations, programs, or payer contracts.

• **Box 24D:**

- Shaded area: Enter the NDC unit of measurement and numeric quantity administered to the patient. Enter the actual metric decimal quantity (units) administered to the patient. If reporting a fraction of a unit, use the decimal point. The maximum number of bytes allowed for the quantity is 13, including the decimal point. Nine numbers may precede the decimal point and three numbers may follow the decimal. The unit of measurement codes and a sample claim are included below; also, see additional NDC Quantity-related information on page 6 of this bulletin.

- Unshaded: Enter the HCPCS code and a corresponding 2-character modifier (if applicable).

24.D. (shaded) - NDC unit of measurement plus quantity (units)

24.D. (unshaded) - procedure code plus 2-character modifier if applicable

24. A. DATE(S) OF SERVICE						B.	C.	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)			E.	F.	G.	H.	I.	J.
From		To				Place of Service	EMG	CPT/HCPCS	MODIFIER	DIAGNOSIS POINTER	\$ CHARGES	DAYS OR UNITS	EPSDT OR Family Plan	QUAL.	ID.	RENDERING PROVIDER ID. #
MM	DD	YY	MM	DD	YY											
N400045025446								ML1.25							1D	123456
10	01	05	10	01	05	11		J1631			59	22	2.5		NPI	0123456789

- **Box 24E:** Not applicable
- **Box 24F:**
 - Unshaded: Enter the charge for each listed service. Do not use dollar signs or commas when reporting dollar amounts. Enter 00 in the cents area if the amount is a whole number.
- **Box 24G:**
 - Unshaded: If applicable, enter the days or units provided for each procedure listed.

A sample of the revised CMS 1500 form (08-05 version) is attached to this bulletin for informational purposes only. The CMS-1500 (08-05 version) claim form will not be supplied to providers by DHHS. Providers should purchase the form in its approved format from the private vendor of their choice.

Edit Codes

Please note that claim details for drug-related HCPCS codes will be rejected if required NDC fields are not populated or contain invalid information. Note the following new edits that are associated with the required NDC fields:

1. **Edit 202 (missing NDC) or edit 301 (invalid NDC)**

If there is no 11-digit NDC entered in field 24A (shaded), the line will reject. **NDC(s) for the HCPCS code(s) submitted must be the actual NDC number listed on the medication package or container.** However, the NDC must be properly formatted to 11-digits if the NDC on the package does not include all 11-digits. If the 11-digit NDC is missing or invalid, the line will reject.

2. **Edit 203 (NDC unit/quantity missing)**

For each NDC submitted, the NDC Quantity is required. If the NDC Quantity is missing, the line will reject. The NDC Quantity must be a numeric value that is greater than zero.

NOTE: In most cases, the NDC Quantity will be different from the HCPCS billed units. To determine the correct NDC Quantity, use the data column titled CF (conversion factor) on the NDC to HCPCS Crosswalk. Divide the number of billed HCPCS units by the CF. Enter the resulting number as the NDC Quantity. [The formula is: HCPCS units divided by CF = NDC Quantity.]

3. **Edit 204 (NDC Unit of Measurement missing)**

For each valid NDC submitted, a valid Unit of Measurement (UOM) code is required. If the NDC UOM is missing, the line will reject. To determine the NDC UOM, use the data column titled Billing Units on the NDC to HCPCS Crosswalk.

- If the value for Billing Units is EA (each), submit UN.
- If the value for Billing Units is GM (gram), submit GR.
- If the value for Billing Units is ML (milliliter), submit ML.
- If the value for Billing Units is IU (international unit), submit F2.

Converting NDCs from 10-digits to 11-digits

It should be noted that many NDCs are displayed on drug packaging in a 10-digit format. Proper billing of an NDC requires an 11-digit number in a 5-4-2 format. Converting NDCs from a 10-digit to 11-digit format requires a strategically placed zero, dependent upon the 10-digit format. The following table shows common 10-digit NDC formats indicated on packaging and the associated conversion to an 11-digit format, using the proper placement of a zero. The correctly formatted additional "0" is shaded in the following example. **Note that hyphens indicated below are used solely to illustrate the various formatting examples for NDCs. Do not use hyphens when entering the actual data.**

10-Digit Format on Package	10-Digit Format Example	11-Digit Format	11-Digit Format Example	Actual 10-Digit NDC Example	11-Digit Conversion of Example
4-4-2	9999-9999-99	5-4-2	09999-9999-99	0002-7597-01 <i>Zyprexa®</i> 10 mg Vial	00002-7597-01
5-3-2	99999-999-99	5-4-2	99999-0999-99	50242-040-62 <i>Xolair®</i> 150 mg Vial	50242-0040-62
5-4-1	99999-9999-9	5-4-2	99999-9999-09	60574-4112-1 <i>Synagis®</i> 50 mg Vial	60574-4112-01

If you have any questions concerning this bulletin, please contact your program manager.

/s/

Robert M. Kerr
Director

RMK/brsm

Attachment

NOTE: To receive Medicaid bulletins by email, please send an email to bulletin@scdhhs.gov indicating your email address and contact information.
To sign up for Electronic Funds Transfer of your Medicaid payment, please go to the following link for instructions:
<http://www.scdhhs.gov/dhhsnew/QLbulletins.asp>