



Implementation of National Drug Code (NDC) billing requirement

For IHS/638 outpatient pharmacy

06/09/2016 Training Session

Effective with date of service July 1, 2016, AHCCCS implemented new billing requirements for IHS/638 outpatient pharmacy claims.

All pharmacy claims must be submitted with Revenue Code 0519 and the National Drug Code (NDC).

The outpatient pharmacy clinic claims are reimbursed at the federally published All-Inclusive Rate (AIR).

The NDC is found on the drug container, i.e. vial, bottle, tube. The NDC submitted to AHCCCS must be the actual NDC number on the package or container from which the medication was administered.

Claims may not be submitted for one manufacturer when a different manufacturer's product was administered. It is considered a fraudulent billing practice to bill using an NDC other than the one assigned to the drug administered.

National Drug Code (NDC) definition

The NDC is the number which identifies a drug. The NDC number consists of 11 digits which are broken into 3 sections or a 5-4-2 format. The billed NDC must always have the 11 digits.

- First 5 digits identify the labeler code representing the manufacturer of the drug as assigned by the Food and Drug Administration (12345).
- The next 4 digits identify the specific drug product as assigned by the manufacturer (1234).
- The last 2 digits define the product package size as assigned by the manufacturer (12).

There will be times when the NDC will be less than 11 digits. In these cases a leading zero must be added to the beginning of the section that is missing the digit when billing the NDC.

1st Example **2345-1234-12**

Labeler code	Drug Product	Product Package
<u>0</u> 2345	1234	12

2nd Example **12345-234-12**

Labeler code	Drug product	Product Package
12345	<u>0</u> 234	12

3Rd Example **12345-1234-2**

Labeler code	Drug product	Product Package
12345	1234	<u>0</u> 2

NDC Units of Measure Qualifier

NDC units are based on the numeric quantity administered to the patient and the unit of measurement. The Units of Measurement Qualifier codes are as follows:

NDC Unit of Measure Qualifier

F2 = International Unit

GR = Gram - usually for products such as ointments, creams, inhalers, or bulk. This unit of measure is typically used in the retail pharmacy setting.

ML = Milliliter - for drugs that come in vials which are in liquid form

UN = Unit (each) - for unit of use preparations, generally those that must be reconstituted prior to administration.

NDC Quantity

To bill the NDC Quantity correctly may require a conversion calculation when the whole amount isn't given or dispensed.

For example:

NDC 00002762301= Pemetrexed 500 MG VIAL but only 100 mg was given.

Quantity Conversion

Divide the dosage given by the NDC quantity to get the NDC quantity to bill

$$\begin{array}{r} \text{Dosage Given} \\ 100 \text{ mg} \end{array} / \begin{array}{r} \text{NDC quantity} \\ 500 \text{ mg} \end{array} = \begin{array}{r} \text{NDC quantity to bill} \\ 0.2 \text{ units} \end{array}$$

Since mg is not one of the NDC Units of Measure (as shown on previous slide #5)

This would be billed with the "UN" as the NDC Measure Qualifier:

NDC	NDC Measure Qualifier	NDC Quantity
00002762301	UN	0.2

When billing for outpatient pharmacy these three elements:

NDC

UNITS of Measure Qualifier

NDC Quantity

will be combined in the following order:

- **The first two positions will be N4** (on paper claims only)
- **Next 11 positions will be the NDC numeric code without hyphens**
- **Next 2 positions will be NDC Unit Measure Qualifier**
- **NDC quantity given, administered amount, with up to three decimal places**
- **Any unused spaces in this field are left blank**

N4 00002762301 UN 0.2

UB-04 billing with the NDC information is required for all pharmacy claims effective with date of service 7/1/2016.

For paper claims providers must enter the qualifier “N4” followed by a valid 11-digit NDC (no dashes or spaces) when billing a medication, vaccine and for the limited diabetic supplies billable followed by the NDC Units of Measure Qualifier, and the NDC Quantity.

Example:

	42. REV. CD.	43. DESCRIPTION	44. HCPCS/RATES	46. SERV. UNITS
1	0519	N400002762301UN0.2		1
2	0519	N412345123412GR1.5		1
3				

Web claim submission and 837 submission have specific fields for the Qualifier N4, the NDC, the NDC Unit of Measure Qualifier and the NDC Quantity.

The number of service units should always be billed as 1 on all claim lines.

The AIR must be billed on the 1st revenue code 0519 line and subsequent lines with NDCs can be billed with \$0.00 to avoid inflating the total AIR for the outpatient pharmacy claim.

If the facility is billing the AIR on only the first line, these billing instructions **must** be followed:

- The first revenue code line of the pharmacy **must** be a covered pharmacy service and
- **Must** be a valid NDC and must bill one unit for the AIR

If the first line billed with AIR is an invalid NDC the claim will deny.

If the first line billed with AIR is not a covered service the claim will deny.

To avoid a denial the first line billed with AIR **must** be a valid NDC **and** an AHCCCS covered pharmacy service.

NDC On-Line Claim Submission Institutional (UB's) Instruction's

* Indicates a required field.

Submitter	Providers	Patient/Subscriber	Other Payer	Codes/Values	Attachments	Claim Information	Service Lines
Service Line							
* Service Dates: 06/01/2016 - 06/01/2016		** Revenue Code: 0519		* Service Unit Count: 1 <input type="radio"/> Days <input checked="" type="radio"/> Units		* Line Item Charge Amount: \$ 388.00	
** HCPCS:		National Drug Code (5-4-2 Format): 00002762301		NDC Quantity/Measurement: 0.2 UN - Unit <input type="button" value="v"/>		Non-Covered Charge Amount: \$	
Procedure Modifiers: 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/>		Provider Control Number:		Medicare Deductible/Quantity: \$		Medicare Copayment/Quantity: \$	
er/Reference ID:		Date Claim Paid:		Medicare Coinsurance/Quantity: \$			

Enter the revenue code 0519 here

Enter unit here

Enter the All-Inclusive Rate (AIR) here

Enter the 11 digit NDC code without dashes/spaces

Enter the NDC Quantity here

Click on the down arrow and select the NDC unit of measure

** Either Revenue Code or HCPCS Code required for the service line.

Qualifier	NDC	NDC Measure Qualifier	NDC Quantity
N4	00002762301	UN	0.2

Questions?



Thank You.

