

PROVIDER BULLETIN

08-02

January 9, 2008

TO: Hospital Administrators

FROM: Vivianne M. Chaumont, Director
Division of Medicaid & Long-Term Care
Department of Health and Human Services

RE: NATIONAL DRUG CODE (NDC) SUBMISSION FOR PHYSICIAN
ADMINISTERED DRUGS IN AN OUTPATIENT FACILITY

Please share this information with administrative, clinical and billing staff.

The Federal Deficit Reduction Act of 2005 mandates that all state Medicaid programs require submission of National Drug Codes (NDCs) on claims submitted with physician (or other practitioner) administered drugs in an outpatient setting. The purpose of this requirement is to allow states to collect rebates for drugs paid for by Medicaid programs.

This requirement will apply to all outpatient institutional claims, including the paper UB-04 and electronic 837I with dates of service on or after January 1, 2008. Nebraska Medicaid can accept NDC codes submitted on electronic claims at this time but is unable to accept NDC codes submitted on paper UB-04 claims. It is anticipated that the necessary programming changes to accept NDC codes on paper claims will be completed by the end of March 2008.

In order to comply with the CMS requirement, it is necessary to change the language in current regulation which states that drugs may be billed in a summary bill format. The Department of Health and Human Services (DHHS) Division of Medicaid and Long-Term Care is holding a hearing on February 7, 2008 at 9:30 a.m. in the State Office Building, Lower Level Conf. Room A 301 Centennial Mall South, Lincoln, NE to accept comments on proposed changes to regulations. The proposed changes will require hospitals to report all physician-administered drugs used in the outpatient hospital setting by the appropriate National Drug Code (NDC) number on claims submitted to Medicaid. Although the CMS requirement is for submission of an NDC listing only for the top 20 drugs, we expect that CMS will broaden the requirement of NDC codes as part of all drug claims.

Because the Division of Medicaid & Long-Term Care must make regulatory changes to comply with the CMS requirement and programming changes to accept NDC codes on paper claims, the Division requested a delay in the implementation date. This delay was granted by CMS for a period of 6 months for outpatient facilities billing on a CMS 1450 claim format. The mandatory requirement will become effective as of July 1, 2008.

All providers must implement a process to record and maintain NDCs of the actual drug(s) administered to the patient as well as the quantity of the drug(s) given. It is anticipated that most institutions do not have in place systems to track specific drug products from the point of purchase to the point of patient administration and then to patient billing. We urge your institution to begin developing systems as soon as possible in order to meet the mandatory requirement as of July 1, 2008.

More information including billing instructions will follow. If you have any questions regarding this bulletin please contact Margaret Booth at 402-471-9380 or at margaret.booth@dhhs.ne.gov