

# PROVIDER BULLETIN NO. 08-16

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TO: Hospitals Participating in the NE Medicaid Program

FROM: Vivianne M. Chaumont, Director *vmc*  
Division of Medicaid & Long-Term Care

BY: Margaret Booth, Hospital Program Manager  
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RE: Billing Instructions for Outpatient Hospital/Facility Reporting of National Drug Codes (NDCs)

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

Effective July 1, 2008, hospital providers who administer drug products in **outpatient hospital settings** will be required to include valid NDCs on claims submissions. A valid NDC is defined as a correctly formatted number using the 5-4-2 format, i.e., 5-digits, followed by 4-digits, followed by 2-digits (99999888877). Each NDC must be an **11-digit code** unique to the manufacturer of the specific drug or product administered to the patient. If the provider is billing for a compound medication with more than one NDC included in the medication dispensed, each applicable NDC must be submitted as a separate claim line to include both prescription and over-the-counter ingredients.

### **Billing Requirements**

The billing requirements are defined below as they pertain to the paper and electronic formats.

### **Submitting NDC-Related Data via the Paper Claim Form (UB04)**

Effective July 1, 2008, drugs received on the UB04 CMS 1450 or Medicare crossover with any **pharmacy indicated revenue code(s)** MUST have Form Locator 43 (description) completed with the corresponding 11-digit NDC number, followed by the Unit of Measurement Qualifier, then the NDC Unit Quantity. The N4 modifier is the first indicator in this locator and MUST be followed by all the required information (NDC, unit of measurement qualifier, and the NDC unit quantity).

NE Medicaid will monitor all outpatient hospital claims to ensure that the pharmacy revenue codes are submitted with an NDC. Each claim (line) submitted with an N4 qualifier MUST have the associated NDC and revenue code billed on that line. This is especially important for revenue codes 0250 through 0259 and 0630 through 0639.

**Locator 42 (Rev CD.)**

Enter the Revenue code

Revenue codes that are for physician-administered drugs must include the NDC(s). NDCs are required whenever one of the following revenue codes and the claim is an outpatient hospital, dialysis facility, or other outpatient facility which uses a UB04 claim form:

1. Pharmacy revenue codes 250, 251, 252, and 254
2. Pharmacy revenue codes 631, 632, 634, 635, 636, and 637

**Locator 43 (Description):**

When billing for a drug, you must enter the NDC qualifier of N4, followed by the 11-digit NDC number, and the unit of measurement followed by the metric decimal quantity or unit. Do not enter a space between the qualifier and 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.

**Example of Locator 43:** Modifier, NDC, Unit of Measurement Qualifier and the NDC unit of measurer:

N	4	1	2	3	4	5	6	7	8	9	0	1	U	N	1	2	3	4	.	5	6	7
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**Leading Zeros on the Claim**

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 in a **bold font** in the following examples. 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 on your claim. It is recommended that providers consult with their pharmacy staff or supplier to clearly understand the conversion of 10-digit to the 11-digit format.

Converting NDCs from 10-digits to 11-digits					
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	<b>0</b> 9999-9999-99	0002-7597-01 Zyprexa® 10mg Vial	00002-7597-01
5-3-2	99999-999-99	5-4-2	99999- <b>0</b> 999-99	50242-040-62 Xolair® 150mg vial	50242- <b>00</b> 40-62
5-4-1	99999-9999-9	5-4-2	99999-9999- <b>09</b>	60575-4112-1 Synagis® 50mg vial	60575-4112- <b>01</b>

**Submitting NDC-Related Data via the 837 Institutional Claim Format (ASC X12 837I)**

Filing claims electronically is the preferred method of claim filing as it allows for the fewest amount of errors and expedites claim processing and payment.

**Loop 2410 – Drug Identification**

The NDC should be sent in the 2410 loop LIN segment of the 837I transaction. The 2410 loop can be repeated 25 times within a service line. Nebraska Medicaid will capture only the first occurrence of the LIN segment for each revenue line. If billing for a compound medication with more than one NDC, then each applicable NDC must be sent as a separate revenue line.

**Reporting NDC Information in 837 Claim Formats**

<b>LIN Segment – Drug Identification</b> e.g., LIN**N4*01234567891		
LIN02	N4	N4 Qualifier identifies NDC being billed
LIN03	Actual NDC e.g., 01234 5678 91	Report NDC in the 11 digit format (5-4-2). Do not use hyphens or spaces.
<b>CTP Segment – Drug Segment</b> e.g., CTP***2.50*2*UN		
CTP03	Unit Price	e.g., 2.50 Do not report the dollar sign. (Enter 0.00 if cost unknown.)
CTP04	Dispensing Quantity	e.g., 2
CTP05	Unit of Measure Value	Values are: F2 = International Unit GR = Gram ML = Milliliter UN = Unit

The following information must be reported on the 837:

- National Drug Code – Enter the valid 11-digit code following the 5-4-2 format (the N4 qualifier is not applicable for electronic filing).
- Drug Unit Price – Enter the unit price. This is a required field.
- Unit of Measurement – Enter the unit of measurement. This is a required field.
  - F2 – International Unit
  - GR – Gram
  - ML – Milliliter
  - UN – Units

## Calculating NDC Quantity

Form	UN	GR	ML	F2	Examples
Injectable Liquid (e.g., Solution/Liquid/Suspension)			X		<ul style="list-style-type: none"> <li>- 30 mg of adenoscan 3/mg/ml is NDC quantity 10</li> <li>- One 1 ml injection of Depo-Provera 150mg/ml is NDC quantity 1</li> <li>- One 1ml injection of Cyanocobalamin 1000mcg/ml is NDC quantity 1</li> <li>- Two 1.5ml injections of Lidocaine 1% are NDC quantity 3</li> <li>- 120mg of Paclitaxel (6mg/ml) in an infusion is NDC quantity 20</li> </ul>
Injectable Solution or Suspension for Reconstitution (powder for injection)	X				<ul style="list-style-type: none"> <li>- One cefazolin (powder for injection) 1 gm vial is NDC quantity 1</li> <li>- Two ceftriaxone (powder for injection) 500mg vials are NDC quantity 2</li> <li>- 30 units of Bleomycin (powder for injection) (15 units per vial) are NDC quantity of 2</li> </ul>
Non-Injectable Liquid of 1ml or greater (e.g. Solution/Liquid/Suspension)			X		<ul style="list-style-type: none"> <li>- One 3 ml bottle of Albuterol 0.083% inhalation solution is NDC quantity of 3</li> <li>- 2mls of Intal 20mg/ml nebulizing solution is NDC quantity 2</li> <li>- 0.5ml of Morphine Sulfate 20mg/ml oral solution is NDC quantity 0.5</li> </ul>
Antihemophilic Products (expressed in International Units or micrograms)				X	<ul style="list-style-type: none"> <li>- Eight vials of Kogenate – FS (approx 250IU/vial) are NDC quantity 2000</li> </ul>
Kits	X				<ul style="list-style-type: none"> <li>- One Lupron depot 7.5mg kit is NDC quantity 1</li> </ul>
Transdermal Patches	X				<ul style="list-style-type: none"> <li>- One Duragesic 50mcg/hr patch is NDC quantity 1</li> </ul>
Lotion/Cream/Ointment (1 gm or greater) (utilize product labeling)			X		<ul style="list-style-type: none"> <li>- One 5gm tube of Emla Cream is NDC quantity 5</li> <li>- One 60ml bottle of Lindane 1% Lotion is NDC quantity 60</li> </ul>
Non-Injectable Solution or Suspension for Reconstitution (powder for oral suspension)	X				<ul style="list-style-type: none"> <li>- One 150ml bottle of Amoxicillin (powder for reconstitution) 250mg/ml is NDC quantity 150</li> </ul>
Powder Packet	X				<ul style="list-style-type: none"> <li>- One bottle of Zmax 2gm oral suspension is NDC quantity</li> </ul>
Suppositories	X				<ul style="list-style-type: none"> <li>- One Promethazine 25mg</li> </ul>

					suppository is NDC quantity 1
Aerosol inhalers (utilize product labeling)		X			- One Intal 8.1gm meterdose inhaler is NDC quantity 8.1 - One Desmopressin 5ml nasal inhaler is NDC quantity 5
Capsule (all forms)	X				- Two cephalexin 500mg oral capsules are NDC quantity 2
Tablets (all forms)	X				- One Lorazepam 0.5 mg oral tablet is NDC quantity 1 - Two 1mg Kytril tablets are NDC quantity 2

### Frequently Asked Questions and Answers

- Q. What if Medicaid is secondary to Medicare or a commercial payor? We don't show the NDC on Medicare claims, how will crossover claims be handled?
- A. Even though other payors may not require NDC and NDC quantity, these must be included on claims that will be submitted to Medicaid or automatically crossover to Medicaid for payment.
- Q. Does reporting of NDCs apply to managed care programs?
- A. Federal regulations regarding NDC do not apply to Medicaid managed care programs. Claims for Share Advantage (United Health Care of the Midlands, Inc. will not require NDCs on outpatient hospital claims. NDCs **will be required** on claims for Primary Care Case Management (PC+) (BCBS of Nebraska)
- Q. Does reporting of NDCs apply to FQHC's or RHC's?
- A. The DRA requirement would include claims for drugs administered in a clinic setting to the extent that the drug cost is not bundled within the cost of the service but is billed separately by the clinic.
- Q. Does reporting of NDCs apply to Critical Access Hospitals?
- A. Yes, the reporting of NDCs applies to Critical Access Hospitals.
- Q. Does the NDC requirement apply to vaccines?
- A. The NDC requirement does not apply to vaccines .
- Q. How many digits can I enter to the right of the decimal point for reporting micro quantities?
- A. The unit quantity with a floating decimal for fractional units is limited to 3 digits (to the right of the decimal). Any spaces unused for the quantity are left blank.

If you have any further questions or concerns regarding the information in this bulletin, please contact Margaret Booth at 402-471-9380 or at [margaret.booth@dhhs.ne.gov](mailto:margaret.booth@dhhs.ne.gov)