We appreciate your participation in our provider network. We support your efforts with information and updates on developments that impact your practice. The following is a comprehensive overview of NDC reporting requirements.

**Background**
The Deficit Reduction Act of 2005 required fee-for-service state Medicaid programs to capture and report the NDC for outpatient-administered drugs beginning January 1, 2008, in order for the state to receive federal financial participation.

On March 23, 2010, President Barack Obama signed H.R. 3590, the Patient Protection and Affordable Care Act (PPACA). This legislation includes significant revisions to Section 1927 of the Social Security Act (42 U.S.C. § 1392r-8), which governs the Medicaid Drug Rebate Program. The law now includes all medications dispensed to Medicaid beneficiaries enrolled in Medicaid managed care organizations. These medications are subject to the same manufacturer rebates as other Medicaid utilization. Section 1903(m), which governs Medicaid managed care contracts, has also been amended to require the contractors to report medication utilization information to the states on a periodic basis as determined by the Centers for Medicare & Medicaid Services (CMS). Contractors must furnish information on the units of each dosage form, strength and package size by the NDC number for each covered outpatient drug dispensed to a Medicaid enrollee. States must include this utilization information in their rebate invoices.

**Summary of change**
To facilitate this federal mandate and assist states’ Medicaid programs, effective February 1, 2012, all outpatient drug claims billed must include the NDC number, NDC quantity and NDC Unit of Measure (UOM). This requirement applies to paper claim forms CMS-1500 and UB-04 and Electronic Data Interface (EDI) transactions 837P and 837I when billed for drug-related Healthcare Common Procedure Coding System (HCPCS) codes, drug-related Current Procedural Terminology (CPT) codes and drug-related revenue codes.

**Note**
This notification is specific to Amerigroup Louisiana. The edits outlined in this communication are intended for use by the receiver of this provider update or the billing vendor to ensure the data requirement is met. The notice should not be used to implement global edits across all submitters connected to a practice management system or clearinghouse.
The following table provides the required billing data elements:

<table>
<thead>
<tr>
<th>Required billing data</th>
<th>Element information</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDC</td>
<td>NDC format (5-4-2)</td>
</tr>
</tbody>
</table>
| UOM                   | Valid units of measure are:  
|                       | • F2 (international unit)  
|                       | • GR (gram)  
|                       | • ML (milliliter)  
|                       | • UN (unit)  |
| Drug unit quantity    | Dispensing quantity |

These editing criteria are required:

<table>
<thead>
<tr>
<th>Form type</th>
<th>Coding</th>
<th>List</th>
</tr>
</thead>
</table>
| UB-04     | Revenue codes | • 0251 – 0252  
|           |         | • 0259  
|           |         | • All J codes  
|           |         | • Q4081  |
| CMS-1500  | CPT/HCPCS codes | • All J codes  
|           |         | • Q4081  |

Exclusions: Institutional inpatient claims

How to bill using UB-04 and CMS-1500 paper claim forms:

<table>
<thead>
<tr>
<th>Form type</th>
<th>Field number</th>
<th>Format</th>
</tr>
</thead>
</table>
| UB-04     | 43           | N4 + NDC + UOM + quantity  
|           |              | Example: N4555103026710ML5.5  
|           |              | You must use the decimal point if reporting a fraction of a unit. |
| CMS-1500  | 24 (Shaded line) | N4 + NDC + 3 spaces + UOM + quantity  
|           |              | Example: N4555103026710  
|           |              | ML5.5  
|           |              | The National Uniform Claim Committee instruction manual includes the drug description following the NDC, but this is not an Amerigroup requirement.  
|           |              | You must use the decimal point if reporting a fraction of a unit. |

Special reporting considerations:

For reporting of compound drugs, the service line data should be repeated and…  
- Modifier KP should be used on the first service line (primary drug)  
- Modifier KQ should be used on the second service line (subsequent drug)  
- Modifier KQ can be repeated as many times as it takes to report a compound drug

How to bill using 837I and 837P EDI transactions:

<table>
<thead>
<tr>
<th>Data element</th>
<th>Loop</th>
<th>Segment/element</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDC</td>
<td></td>
<td>LIN03</td>
</tr>
<tr>
<td>UOM</td>
<td>2410</td>
<td>CTP05-01</td>
</tr>
<tr>
<td>Unit price</td>
<td></td>
<td>CTP03</td>
</tr>
<tr>
<td>Quantity</td>
<td></td>
<td>CTP04</td>
</tr>
</tbody>
</table>

Note: The NDC unit price in CTP03 is required to complete the 837 requirement for Loop 2410.
Frequently asked questions

1. What is the Drug Rebate Program?
The Medicaid Drug Rebate Program was created by the Omnibus Budget Reconciliation Act of 1990 and became effective January 1, 1991. The law requires that drug manufacturers enter into an agreement with CMS to provide rebates for their drug products that are paid for by Medicaid. The Deficit Reduction Act of 2005 expanded the rebate requirement to include outpatient-administered drugs covered by state Medicaid programs. The PPACA has now expanded the rebate requirement to include drugs covered by Medicaid managed care organizations.

2. Does this change the way I am paid?
No. Claims are still priced based on HCPCS codes.

3. Why do I have to bill with NDCs in addition to HCPCS/CPT/revenue codes?
The PPACA of 2010 includes provisions about state collection of data for the purpose of collecting Medicaid drug rebates from drug manufacturers for outpatient-administered drugs from managed care claims. Because there are often several NDCs linked to a single HCPCS/CPT/revenue code, CMS deems the use of NDC numbers as critical to correctly identify the drug and manufacturer in order to invoice and collect the rebates.

4. What is an NDC?
The NDC is a universal number that identifies a drug. The NDC number consists of 11 digits in a 5-4-2 format. The first five digits identify the manufacturer of the drug and are assigned by the Food and Drug Administration. The remaining digits are assigned by the manufacturer and identify the specific product and package size. Some packages will display fewer than 11 digits, but leading zeroes can be assumed and need to be used when billing. For example:
- XXXX-XXXX-XX = 0XXXX-XXXX-XX
- XXXXX-XX-XX = XXXXX-0XX-XX
- XXXXX-XXXX-X = XXXXX-XXXX-0X

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

Do not bill for one manufacturer’s product and dispense another. Do not bill using invalid or obsolete NDC numbers.

5. Submitted NDCs must contain a valid 11-digit numeric NDC in the 5-4-2 format. The package or container lists an NDC with 10 digits. I am not sure whether I should report the NDC with or without dashes. What should I do?
Proper billing of claims submitted for an outpatient-administered HCPCS drug code requires an 11-digit all-numeric NDC. You should first determine what format your 10-digit NDC is in by examining the package information and counting the numbers separated by the dashes. Once you have identified the format as either 4-4-2, 5-3-2 or 5-4-1, insert a zero according to the following table.

<table>
<thead>
<tr>
<th>10-digit format</th>
<th>Add a zero in...</th>
<th>Report NDC as...</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-4-2 <em>########-</em>##</td>
<td>1st position, 0#####-#####-*##</td>
<td>0##########</td>
</tr>
<tr>
<td>5-3-2 ######-<em>####-</em>##</td>
<td>6th position, ######-0####-*##</td>
<td>######O######</td>
</tr>
<tr>
<td>5-4-1 ######-####<em>-</em>#</td>
<td>10th position, ######-####*-0#</td>
<td>######O####O#</td>
</tr>
</tbody>
</table>
6. Are the HCPCS/CPT/revenue code units different from the NDC units?
Yes. Use the HCPCS/CPT/revenue code and service units as you have in the past because they are the basis for your reimbursement. NDC units are based upon the numeric quantity administered to the patient and the UOM. The UOM codes are:
- F2 = international unit
- GR = gram
- ML = milliliter
- UN = unit (each)

7. Do I need to include units for both the HCPCS code and the NDC?
Yes. Provider reimbursement is based on the HCPCS description and units of service. The state’s federally mandated rebate program is based on the NDC and those units.

Examples of NDC units and HCPCS units:

<table>
<thead>
<tr>
<th>HCPCS code</th>
<th>HCPCS description</th>
<th>Drug form</th>
<th>Common brand/generic name and strength</th>
<th>HCPCS unit</th>
<th>NDC quantity</th>
<th>NDC UOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>J0170</td>
<td>Injection, adrenalin, epinephrine, up to 1 ml</td>
<td>1 ml ampoule</td>
<td>Epinephrine 1 mg/ml – 1 ml</td>
<td>1</td>
<td>1</td>
<td>ML</td>
</tr>
<tr>
<td>J1260</td>
<td>Injection, dolasetron mesylate, 10 mg</td>
<td>Vial</td>
<td>Anzemet® (S.D.V.) 20 mg/ml – 1 ml</td>
<td>2</td>
<td>1</td>
<td>ML</td>
</tr>
<tr>
<td>J2469</td>
<td>Injection, palonosetron HCl, 25 mcg</td>
<td>Vial</td>
<td>Aloxi® (S.D.V., PF) 0.05 mg/ml – 5 ml</td>
<td>1</td>
<td>5</td>
<td>ML</td>
</tr>
</tbody>
</table>

8. If I 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. Use the following rules for guidance:
- If a drug comes in a vial in powder form and has to be reconstituted before administration, bill each vial (unit/each) used (UN).
- If a drug comes in a vial in a liquid form, bill in milliliters (ML).
- Grams are usually used when an ointment, cream, inhaler or bulk powder in a jar is dispensed. This UOM will primarily be used in the retail pharmacy setting and not for outpatient-administered drug billing (GR).
- International units will mainly be used when billing for factor VIII - antihemophilic factors (F2).

Examples:
1. A patient received 4 mg Zofran IV in the physician’s office. The NDC you used was 00173-0442-02, which is Zofran 2 mg/ml in solution form. There are 2 milliliters per vial. You would bill J2405 (ondansetron hydrochloride, per 1 mg) with four HCPCS units. Because this drug comes in a liquid form, you would bill the NDC units as 2 milliliters (ML2).
2. A patient received 1 gram of Rocephin® IM in the physician’s office. The NDC of the product used was 00004-1963-02, which is Rocephin® 500 mg vial in a powder form that you needed to reconstitute before the injection. You would bill J0696 (ceftriaxone sodium, per 250 mg) with four HCPCS units. Because this drug comes in powder form, you would bill the NDC units as two units (also called two each) (UN2).

Please note: The NDCs listed above have hyphens between the segments for easier visualization. When submitting NDCs on claims, use the appropriate number with no hyphens or spaces between segments.
9. How will NDC information be billed on electronic and paper claim forms?
   Please submit HCPCS codes as usual and add NDC and quantity information as identified above.

10. If I am not sure which NDC was used, can I pick another NDC under the outpatient drug claims and bill with it?
    No. The NDC submitted to us must be the actual NDC number on the package or container from which the medication was administered.

11. Do drugs that are billed through a hospital outpatient department require an NDC?
    Yes. The requirement applies to professional claims, including Medicare crossover claims. We require hospital outpatient departments to submit NDCs with NDC units and appropriate descriptors. These codes must accompany claims for those drugs that are billed separately on institutional claim forms that are identified on the claim with a Level II HCPCS code. This requirement includes claims from acute care hospitals in other states, chronic disease and rehabilitation hospitals, and some Medicare crossover claims for renal dialysis clinics.

12. Do radiopharmaceuticals or contrast media require an NDC?
    No, not at this time.

13. Are Medicare claims included in the NDC requirement?
    Yes. Claims for Amerigroup members who are dually eligible for Medicare require NDCs with the HCPCS codes.

14. Should I bill the HCPCS code and NDC number of a drug if I did not provide the drug but just administered it?
    No. For example, if a patient brings an allergy extract from his allergist to have the family physician administer it, the family physician may not bill for the drug. The family physician should bill only for the administration of the drug. The allergist should bill for the drug.

15. How should I bill for a drug when only a partial vial was administered?
    Bill using the HCPCS code with the corresponding units administered. When calculating the NDC units, the HCPCS code units should be converted to the NDC units using the proper decimal units. 

    Example: Using the patient scenario in question 7, if the patient received only 2 mg of Zofran® and you used the same NDC (Zofran® 2 mg/ml in a 2-ml vial), the billing would look like this: HCPCS J2405 (ondansetron hydrochloride, per 1 mg) two units NDC 00173044202 ML1.

16. How do I bill for compound drugs?
    If the drug administered is composed of more than one ingredient (i.e., compound drugs) and the claim is billed on a UB-04 or CMS-1500 form, each NDC must be represented in the service line. The HCPCS code should be repeated as necessary to cover each unique NDC. Enter a KP modifier for the first drug of a multiple-drug unit-dose formulation and enter a modifier of KQ to represent the second or subsequent drug formulation. If the claim is billed as an EDI transaction 837P or 837I, the compound drug should be reported by repeating the LIN and CTP segments in the 2410 drug identification loop.

What if I need assistance?
If you have additional questions, please call Provider Services at 1-800-454-3730. If you have EDI-related questions, please call 1-800-590-5745.