

**DEPARTMENT OF SOCIAL SERVICES**

DIVISION OF MEDICAL SERVICES

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December 10, 2007

Re: National Drug Code (NDC) Billing Requirement for Drug-Related HCPCS  
J-Codes

Dear South Dakota Medicaid Prescribing Provider:

To comply with Centers for Medicare and Medicaid Services (CMS) requirements related to the Deficit Reduction Act (DRA) of 2005, a change involving drugs administered in an office or other outpatient setting are due to become effective January 1, 2008.

The rules mandate all state Medicaid agencies require providers who use a drug-related Healthcare Common Procedure Coding System (HCPCS) J-code when billing prescription drug products to include the relevant National Drug Code (NDC) of the drug dispensed. This requirement will apply to electronic and paper claims submissions. The quantity of each NDC submitted and the unit of measurement qualifier will also be required.

Realizing our providers need as much time as possible to make programming changes to comply with these requirements, the South Dakota Department of Social Services, Division of Medical Services, is requesting a one year extension from CMS. This extension will also allow greater time for provider input and education. At least 13 other state Medicaid programs have or are in the process of also requesting extensions. Approval of the extension is anticipated. If South Dakota is granted the request, these requirements will become effective January 1, 2009.

For additional information and updates please refer to the Medical Services Provider Information website at the following web address:  
*<http://dss.sd.gov/medicalservices/providerinfo>*

Sincerely,

Larry Iversen  
Medicaid Director  
Division of Medical Services