

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES

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Strong Families - South Dakota's Foundation and Our Future

May 3, 2016

ATTENTION: South Dakota Medicaid Providers

FROM: South Dakota Medicaid

RE: NDC Drug Edit

Last fall South Dakota Medicaid implemented an edit ensuring that all drugs are reported with the appropriate NDC. South Dakota Medicaid requires both the NDC and HCPC procedure codes on Medicaid claims, which includes Medicare crossover claims. This is necessary to ensure we comply with all federal drug rebate program requirements. Providers that purchase drugs through the Federal Supply Schedule Service, such as IHS, are exempt from this edit.

If either the NDC or HCPC are not on the Noridian crosswalk file found [here](#), then CMS 1500 claim form lines are denied, and UB04 claim lines pay \$0. However, Medicare crossover claims are denied, in total, if the HCPC and NDC do not match the crosswalk. The Noridian crosswalk file is uploaded into the South Dakota MMIS on a monthly basis.

Based on your feedback, our team has made necessary updates in order to resolve processing errors and remittance advice communication. Additional programming has been completed to exempt certain situations in which this logic should not apply. One example of this is the billing of state supplied vaccines. The billing of state supplied vaccines bypass the edit.

If a combination of a valid NDC code and a valid HCPC code does not match the Noridian crosswalk then the claims is pended for review. Our claims processing staff are working these pended claims within our normal pend review process.

All claims that have denied for this edit have been reprocessed and you should see any adjustments on recent remittance advices. Please review your denied drug lines on both CMS 1500 and UB 04 claim forms and send me specific detail if you feel your claim was denied in error.

Also, self-administered or oral medications are not covered under South Dakota Medicaid and should be shown as a non-covered charge using revenue code 637. Take-home drugs should be billed using revenue code 253. If these drugs are billed under a different revenue code the claim will deny.

Contacts for this issue are Lindsay Beckwith and me. We can be reached at Lindsay.Beckwith@state.sd.us and Lori.Lawson@state.sd.us.

Thank you,
South Dakota Medicaid