

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES

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February 11, 2008

Re: National Drug Code (NDC) Billing Requirement for Drug-Related HCPCS
J-Codes and Tamper-Resistant Prescriptions for SD Medicaid Recipients

Dear South Dakota Medicaid Prescribing Provider:

The purpose of this notice is to clarify interpretation and implementation of federal requirements in the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (H.R. 2206), section 7002(b) and the 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 was 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 NDC of the drug dispensed. This requirement applies to electronic and paper claims submissions. The quantity of each NDC submitted and the unit of measurement qualifier is also required.

The NDC is a unique numerical code for a drug assigned by the pharmaceutical manufacturer within guidelines set by the Federal Government. The code is printed on each medication package and identifies the specific drug, strength, dosage form, manufacturer, and package size.

Realizing our providers needed 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, requested a one year extension from CMS. This extension would have allowed greater time for provider input and education. CMS informed us this week the requirement will become effective April 1, 2008. You may wish to inform the appropriate nursing and billing staff within your facility of these requirements.

For electronic claims (X12) enter the NDC number in Loop 2410 LIN_03, unit quantity in Loop 2410 CTP_04, and the NDC units in Loop 2410 CTP_05:1. The qualifiers for the NDC units are: F2 = International Units, GR = Grams, ML = milliliter and, UN = units.

For the CMS 1500 paper claim; on line 24 enter the qualifier N4 NDC (National Drug Codes) in the shaded line. This should be the 11 digit NDC code with no hyphens or spaces within the number. The qualifiers for the NDC units are: F2 = International Unit, GR = Gram, ML = Milliliter and UN = Unit. Enter 3 blank spaces between the first N4 qualifier code and the unit quantity with qualifier code.

Effective for dates on and after April 1, 2008, a Medicaid prescription must contain at least one of the characteristics listed below:

1. Prevent unauthorized copying of a completed or blank prescription form.
 - High security watermark on reverse side of blank.
 - Copied prescription blanks show the word "Copy", "Illegal", or "Void".
 - Blue or green background ink on the blank that resists reproduction.
2. Prevent erasure or modification of information written on the prescription.
 - Safety paper that resists erasures and reproductions.
 - Erasure protection on green or blue background on the front side of the blank that resists alterations and erasures.
 - A feature printed in thermo chromic ink that disappears or shows obvious tampering if the prescription blank is rubbed, scratched briskly, or if heat is applied.
3. Prevent the use of counterfeit prescription forms.
 - A custom or repetitive watermark on the backside of the blank.
 - Sequentially numbered blanks.
 - Duplicate or triplicate blanks

Effective for dates of service on and after October 1, 2008, a Medicaid prescription must contain all three characteristics listed above. Many entities have decided to meet the October 1, 2008 requirements immediately to avoid any confusion. South Dakota Medicaid encourages this approach.

Additional Information:

- This requirement applies to all non-electronic prescriptions written for SD Medicaid recipients when SD Medicaid is the primary or secondary payer.
- Drug Enforcement Administration and South Dakota Board of Pharmacy laws and regulations pertaining to written and electronic prescriptions still apply.
- SD Medicaid will not endorse specific vendors that supply tamper-resistant pads.
- Medical practitioners who prescribe drugs to Medicaid recipients are responsible for obtaining the tamper-resistant prescription pads and/or printer paper.
- Prescribers not utilizing compliant pads or printer paper should anticipate additional telephone calls or faxes from pharmacies to obtain compliant prescriptions.

Exceptions:

Exempt from the tamper-resistant requirement are prescriptions that are:

- Faxed to the pharmacy from the provider's office,
- Telephoned to the pharmacy by the provider,
- E-prescribed, or
- Refills for which the original prescription was filled before April 1, 2008.

For additional information please refer to the Medical Services provider information website at:

<http://dss.sd.gov/medicalservices/providerinfo/>

Or call the Telephone Service Unit at 1-800-452-7691.