

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES

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June 16, 2008

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

Dear South Dakota Medicaid Provider:

To comply with Centers for Medicare and Medicaid (CMS) requirements related to the Deficit Reduction Act (DRA) of 2005, a change involving drugs administered in an outpatient hospital or other outpatient setting were 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.

The South Dakota Department of Social Services, Division of Medical Services, requested a one year extension from CMS for implementation of this requirement. This extension would have allowed greater time for provider input and education. CMS informed us the requirement will become effective July 1, 2008 for outpatient hospitals. Please 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 Unit of Measure in Loop 2410 CTP_05:1. The qualifiers for the unit of measure include: UN = unit, GR = Grams, ML = milliliter and, F2 = International units.

For the CMS 1500 paper claim; on line 24 (shaded area) enter the qualifier code N4 followed by the NDC in the 5-4-2 format with no hyphens or spaces. Leave 3 blank spaces then report the unit quantity and the Unit of Measure qualifier code (ex. 50ML). Possible qualifiers for the unit of measure include: UN = unit, GR = Gram, ML = Milliliter and F2 = International Unit.

For the UB04 paper claim, in box 43 report the N4 qualifier code in the first two positions followed immediately by the 11 character NDC number in the 5-4-2 format with no hyphens, the unit of Measure qualifier and quantity (ex. N410019002805ML5.00). Possible qualifier codes include F2 = International Unit, UN = Unit, GR = Gram, ML= Milliliter. For additional information please refer to the Medical Services provider information website at: <http://dss.sd.gov/medicalservices/providerinfo/> or you may also call our Telephone Service Unit at 1-800-452-7961 if you have additional questions.