

IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT201643 JULY 26, 2016

IHCP reminds providers of NDC requirements for physician-administered drugs

The Indiana Health Coverage Programs (IHCP) requires providers to report National Drug Codes (NDCs) when billing for physician-administered drugs. This requirement affects all providers who submit paper or electronic claims for drugs administered in professional (medical) and outpatient settings. The NDC requirement also applies to Medicare crossover claims.



Products listed under *Section 510* of the *U.S. Federal Food, Drug, and Cosmetic Act* are assigned an NDC, which consists of a unique 10- or 11-digit, three-segment number. Each NDC identifies the labeler or vendor, product strength, dosage, and package size. One product may have many different NDCs because it may come in more than one strength, more than one package size, or is manufactured or labeled by more than one company. Most drugs also have a 5-digit alphanumeric or all numeric Healthcare Common Procedure Coding System (HCPCS) code used for billing. When submitting claims for certain physician-administered drugs, the provider must include the NDC and HCPCS code on the claim. See the *Procedure Codes that Require NDCs* code table on the [Codes Sets](#) page at indianamedicaid.com for a complete list of procedure codes to which this requirement applies.

Drug rebates are dependent on proper billing

For a manufacturer's drug products to be covered by the IHCP, the manufacturer must have entered into a rebate agreement with the federal government. The drug rebate agreement must be in effect on the date the product was administered to the member to be covered by the IHCP.

Rebate agreements require manufacturers to pay back or rebate to the IHCP a portion of the costs that the State incurred reimbursing providers for the manufacturers' products each quarter. To obtain rebates, the IHCP must report to the manufacturer the total number of units for each NDC for which the State paid claims. This information comes directly from provider claims paid during each quarter. The manufacturer compares the total units for each NDC reported by the IHCP against their sales/distribution database. If the total units reported conflicts with the manufacturer's records, the manufacturer will dispute the rebate, resulting in significant financial impact to the State.

The IHCP has determined that most rebate disputes are the result of NDC-related billing errors for physician-administered drugs. The following sections identify several common billing errors that result in rebate disputes between the manufacturer and the IHCP. Providers should review this information carefully to mitigate any NDC-related billing errors moving forward.

Common billing errors causing rebate disputes

- Proper NDC is not reported—Providers must bill using the NDC of the **specific** product actually administered to a specific member during a specific encounter.
 - Use the NDC from the product label; **do not** set up your system to use a default NDC every time you bill a certain HCPCS code. Each HCPCS code may have many possible NDCs because it may come in more than one strength, more than one package size, or is manufactured or labeled by more than one company.
 - Train clinical staff to document the specific NDC from the product administered during the encounter and to record the dosage administered in the medical record or on the charge ticket or billing form so the correct NDC and quantity can be entered on the provider’s claim.
 - Make sure that the billed amount for the procedure coded is correct for the drug administered. A billed amount consistent with a generic form, but billed with the NDC of a brand name drug, is disputable. Providers must not submit a brand NDC when a generic drug is administered.

To confirm coverage of a specific manufacturer’s product, providers can enter the manufacturer’s name or the product’s NDC in the *Drug Rebate Labelers* search function under [Pharmacy Services](#) at indianamedicaid.com (Pharmacy Services > Manufacturer Information > Drug Rebate Labelers).

- Procedure code units and NDC quantities are not reported accurately—The claim must include the proper procedure code units as well as the proper quantity and unit of measure (UOM) for the NDC administered.
 - The procedure code “units of service” and the NDC “quantity and UOM” do not always have a one-to-one correlation. For example:
 - ⇒ HCPCS code J0897 is defined as *Injection, Denosumab 1mg*, while the label on the manufacturer’s product identifies the dosage as 120 mg/1.7 ml.



Table 1 – Example of correct reporting of procedure code units with NDC quantity and UOM

Example	Procedure Code	Procedure Code Description	Procedure Code Strength or Amount	Procedure Code Quantity Billed	NDC Dose/ Volume	NDC Quantity Billed	NDC Unit Qualifier
Administer 120 mg	J0897	Injection, Denosumab, 1 mg	1	120	120 mg/ 1.7 ml	1.7	ml

- The procedure code “units of service” and NDC “quantity” billed must be consistent with the dose actually administered. For example, 50 units of insulin were administered to a member:
 - ⇒ If billing HCPCS code J1815 – *Injection, Insulin per 5 units*, the provider would bill 10 HCPCS units.
 - ⇒ If billing HCPCS code J1817 – *Insulin for administration through DME (i.e., insulin pump) per 50 units*, the provider would bill 1 HCPCS unit.
 - ⇒ If the product NDC dose/volume indicates 100 units/ml, the provider would bill the NDC with a quantity of 0.5 (50 units/100 units per ml = 0.5 ml billed).

Table 2 – Example of correct reporting of procedure code units and NDC quantity

Example	Procedure Code	Procedure Code Description	Procedure Code Strength or Amount	Procedure Code Quantity Billed	NDC Dose/ Volume	NDC Quantity Billed	NDC Unit Qualifier
Administer 50 units of insulin	J1815	Injection, Insulin, per 5 units	5	10	100 units/ml	0.5	ml

- The proper UOM or unit qualifier must be indicated on the claim. The UOM is identified on the label of the product administered. In Table 2, for instance, the NDC label indicated the product package included 100 units/ml. The UOM for the product would be ml. Examples of UOMs include the following:
 - ⇒ GR – Gram (ointments, powders, and so on)
 - ⇒ ML – Milliliter (liquid solutions, suspensions, and so on)
 - ⇒ UN – Unit (patches, vials, tablets, and so on)

■ Proper NDC formatting not used—For purposes of billing the IHCP, NDCs must be configured in what is referred to as a “5-4-2” format:

- The first segment must include five digits.
- The second segment must include four digits.
- The third segment must include two digits.

If the NDC is not in this format on the label, the provider must convert the NDC to the “5-4-2” format by adding the appropriate number of zeros to the beginning of the segment with too few digits. See the following examples:

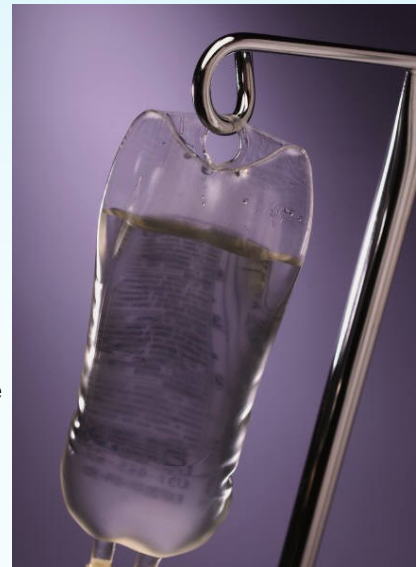


Table 3 – Example of correct reporting of NDC in “5-4-2” format

Problem	NDC from Label	IHCP Required Format “5-4-2”
First segment has only four digits	0703-8771-03	00703-8771-03
Second segment has only three digits	65293-001-01	65293-0001-01
Third segment has only one digit	00002-1420-1	00002-1420-01

Resources for proper billing

An [NDC/HCPCS Crosswalk](#) that lists the NDCs assigned to HCPCS codes and the conversion factors necessary for billing units and quantities correctly is posted by Noridian Healthcare Solutions at [dmepdac.com](#). Noridian Healthcare Solutions is the Centers for Medicare & Medicaid Services (CMS) pricing, data analysis, and coding contractor.

Instructions for entering the NDC on IHCP claim forms can be found in the [Claim Submission and Processing](#) provider reference module. Additional information about the use of NDCs when billing physician-administered drugs can be found in the [Injections, Vaccines, and Other Physician-Administered Drugs](#) provider reference module.

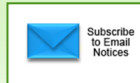
Provider Relations field consultants are also available to answer billing questions. Find contact information for your field consultant under the [Contact Us](#) quick link on the home page at [indianamedicaid.com](#). Providers with consistent billing issues that lead to manufacturer rebate disputes will be contacted directly to address these issues.

QUESTIONS?

If you have questions about this publication, please contact Customer Assistance at 1-800-577-1278.

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