State of New Mexico
Medical Assistance Program Manual

Supplement

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TO: ALL NON-HOSPITAL PROFESSIONAL PROVIDERS PARTICIPATING IN THE
                NEW MEXICO MEDICAID PROGRAM

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**SUBJECTS: EFFECTIVE JANUARY 1, 2012 NEW REQUIREMENTS WHEN
                BILLING FOR SPECIFIC PROCEDURE CODES**

The federal Deficit Reduction Act of 2005 (signed in 2006) requires Medicaid providers to report the 11-digit National Drug Code (NDC) on the CMS1500 and UB04 claim forms as well as on the 837 electronic transactions when billing for injections and other drug items administered in outpatient offices, hospitals, and other clinical settings.   We are now adding requirements for medical supply companies to include the NDC when billing for certain items.

Physician and hospital providers were first notified of this upcoming requirement in November 2007, in the supplement 07-09, available on the Medical Assistance Division (MAD) website at:
http://www.hsd.state.nm.us/mad/pdf_files/Supplements/MAD_REG_S_07-09.pdf
These providers were again notified in May 2010 of the requirement, in supplement 10-03, which also can be found on the MAD website at:
http://www.hsd.state.nm.us/mad/pdf_files/Registers/Registers2010/10%2003%20pharmacy.pdf

MAD is now extending the requirement that providers must include the appropriate NDC and other essential information on the claim when billing for certain supply items to medical supply providers and IV infusion providers when billing on the CMS 1500 claim form. If a provider has not already done so, it may be necessary to contact the software vendors to modify billing software.

Understanding the National Drug Code (NDC) :
The NDC code, which is found on the label of a prescription drug item, must be included on the CMS 1500 or UB04 claim form or in the 837 electronic transaction. The NDC is a universal number that identifies a drug. The complete NDC number consists of 11 digits with hyphens separating the number into three segments in a 5-4-2 format such as "12345-1234-12."
However, sometimes the NDC as printed on a drug item omits a leading zero in one of the segments, requiring a leading zero to be entered on the claim form and the hyphens to not be used. Instead of the digits and hyphens being in a 5-4-2 format, the NDC may be indicated in a 4-4-2 as in "1234-1234-1", or in a 5-3-2 format as in "12345-123-12", or less commonly in a 5-4-1 format as in 12345-1234-1."
A leading zero must be added to make the 5-4-2 format. See the following examples:

NDC 12345-1234-12 is complete – it is reported as 12345123412

NDC 1234-1234-12 needs a leading zero in the first segment to be in the 5-4-2 digit format, to become 01234-1234-12 – it is reported as 01234123412

NDC 12345-234-12 needs a leading zero in the second segment to be in the 5-4-2 digit format, to become 12345-0234-12 – it is reported as 12345023412

NDC 12345-1234-1 needs a leading zero in the third

Effective January 1, 2012, ACS and the managed care organizations (MCOs) will deny all claims that do not indicate a valid NDC for the following HCPCS or CPT codes. NDC codes are required whenever the provider bills one of the following HCPCS or CPT codes:

Codes in the range A4216 – A4218 and A4246 – A4248 (miscellaneous supplies)
Codes in the range A4641 – A4642 (supplies for radiologic procedures)
Codes in the range A9150– A9153 and A9500 – A9501 and A9505 – A9507 and A9535 – A9536 and A9600 – A9700 (administrative, miscellaneous and investigational supplies)
Codes in the range C9113 – C9279 and C9399 (miscellaneous)
Codes in the range J0120 - J9999 (various injections and chemotherapy)
Codes P9023 and P9041 and codes in the range P9043 – P9048; P9059 – P9060 (miscellaneous tests)
Codes in the range Q0138 – Q0144; Q0163-Q0181; and codes Q0515; Q2004; Q2009; Q2017; Q3025-Q3026; (miscellaneous)
Codes in the range S0012 - S0197; S4990 – S5001; and S5010-S5014 (various items)
Codes in the range S5550 - S5571 (insulin injections)
Codes in the range 90281 – 90399 (immune globulins)

The same requirement applies to providers billing revenue codes on the UB04 claim form. HCPCS or CPT codes are required whenever the provider bills one of the following revenue codes and the provider is an outpatient hospital, emergency room facility, dialysis facility, other outpatient facility which uses the UB04 claim form. When the reported HCPCS or CPT code is one of the above, the NDC code must also be reported:

Pharmacy revenue codes 0250, 0251, 0252, and 0254
Pharmacy revenue codes 0631, 0632, 0633, 0634, 0635, and 0636

Providers paid on the basis of an encounter rate such as an FQHC, an IHS or tribal compact facility or a bundled rate such as drugs included in a dialysis cap charge do not need to supply an NDC code because they are not reimbursed using one of the above revenue codes.

INSTRUCTIONS FOR BILLING DRUG ITEMS ADMINISTERED IN PROVIDER OFFICES, OUTPATIENT CLINICS AND HOSPITALS
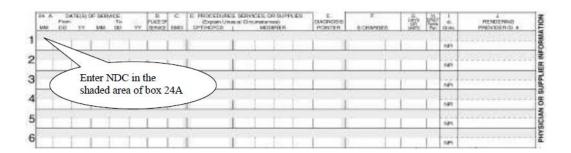
Because reporting the NDC code requires providers to use both the upper and lower rows on a claim line, be certain to line up the information accurately so that all characters fall within the proper box and row.

CMS1500 FORM
Beginning at the left edge of the shaded area of field 24A, enter the 2-digit qualifier "N4" immediately followed by the 11-digit NDC. For example, the entry for the NDC code 00054352763 will be: N400054352763.

Even though an NDC is entered, a valid HCPCS or CPT code must be entered in the non-shaded area of 24D. The unit of service for the HCPCS or CPT code is very important. Units for injections must be billed consistent with the HCPCS or CPT description of the code. For example, J0610 "Injection Calcium Gluconate, per 10 ml" is billed as 1 unit for each 10 ml ampul used.

Enter NDC in the shaded area of box 24A

Optional Information:

While the minimal new information required by MAD is the qualifier, the NDC and correct reporting of units for the HCPCS or CPT code, there are additional national standards for reporting more information on drug items that other payers may eventually require. MAD is also capable of receiving the additional information when submitted on a claim but it is not required at this time. A provider changing their billing system may want to also add information according to the following format:

> • At the left edge of the shaded area of field 24A, enter the 2-digit qualifier "N4" immediately followed by the 11-digit NDC, followed by 3 spaces, followed by one of the four (4) qualifiers for unit of measurement followed immediately by the quantity.

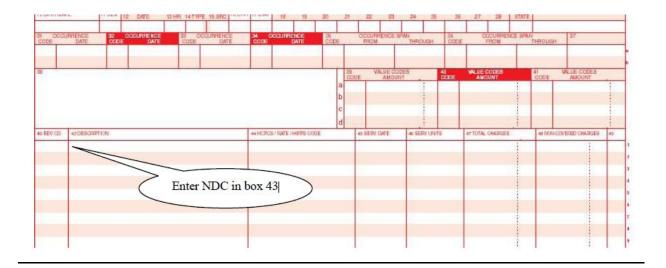> • The four (4) units of measure qualifiers are:
> | | |
> |---|---|
> | F2 – International Unit | GR – Gram |
> | ML – Milliliter | UN – Units |

UB04 FORM
Even though an NDC is entered, a valid revenue code must be entered in form locator 42 and a HCPCS or CPT code must be entered in form locator 44.

The NDC must be entered in box 43, which is currently labeled as "description". Beginning at the left edge of form locator 43, enter the 2-digit qualifier "N4" immediately followed by the 11-digit NDC. An example of an entry for the NDC code 00054352763 will be: N400054352763.

(continued)

Enter NDC in box 43

Optional Information:

While the minimal new information required by MAD is the qualifier, the NDC and correct reporting of units for the HCPCS or CPT code, there are additional national standards for reporting more information on drug items that other payers may eventually require. MAD is also capable of receiving the additional information when submitted on a claim but it is not required at this time. A provider changing their billing system may want to also add information according to the following format:

- At the left edge of the shaded area of field 24A, enter the 2-digit qualifier "N4" immediately followed by the 11-digit NDC, followed by 3 spaces, followed by one of the four (4) qualifiers for unit of measurement followed immediately by the quantity.
- The four (4) units of measure qualifiers are:

     F2 – International Unit   GR – Gram
     ML – Milliliter   UN – Units

837 P :

You will need to notify your billing or software vendor that the NDC code is to be reported in the following fields in the 837 format:
loop 2410
seg LIN
field LIN02: use the qualifier "N4"
field LIN03: place the 11 digit NDC here
Follow the companion guides for more information.

If you have questions regarding the above information, you may contact the Benefits Bureau at (505) 827-3171.

We appreciate your participation in the Medicaid program.