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March 24, 2008

MEMORANDUM

ACS M08-03

TO: Medicaid Physicians, Dentists, Other Providers with Prescribing Authority and
Pharmacy Providers

FROM: Lois Lee, Acting Med-QUEST Division Administrator *ll*

SUBJECT: FEE-FOR-SERVICE PROGRAM ONLY

**DELAY OF NATIONAL DRUG CODES (NDCs) REQUIRED ON CMS 1500
FOR MEDICARE CROSS-OVER CLAIMS UNTIL JULY 1, 2008**

In ACS Memorandum ACS M07-11, dated July 11, 2007, the Med-QUEST Division (MQD) informed Medicaid Fee For-Service (FFS) providers that NDC information was Federally required on outpatient medication claims billed by Healthcare Common Procedure Coding System (HCPCS) codes for dual eligible recipients submitted on and after January 1, 2008.

To allow Hawaii Medicaid providers additional time to comply with this Federal mandate, the MQD asked for and was granted a SIX (6) MONTH DELAY in the implementation of the submission of NDC information. Thus, effective for claims with dates of service on or after **July 1, 2008**, NDC information for prescribed drugs in this format detailed in ACS M07-11 is required.

As defined by the Code of Federal Regulations (CFR), prescribed drugs are "simple or compound substances or mixtures of substances prescribed for the cure, mitigation, or prevention of disease, or health maintenance that are--prescribed by a physician or other licensed practitioner of the healing arts within the scope of this professional practice as defined and limited by Federal and State law..." For Hawaii Medicaid, prescribed drugs include over-the-counter (OTC) drugs that are prescribed by a physician or other practitioner with prescriptive authority.

Providers using the Centers for Medicare and Medicaid Services (CMS) form 1500 format and who are ready to submit NDC information are encouraged to submit this information prior to July 1, 2008.

To expedite the accurate payment of claims, the MOD advises the providers

1. Verify that the NDC numbers are valid 11 digit codes and submitted in correct format:
 - NDC numbers must be preceded by “N4” and all leading zeroes (0s) of the NDC number must be included. (To verify if the drug is payable by Hawaii Medicaid, go to the website: <http://www.himed-questffs.org>, under Drug Coverage, Formulary Search).
 - NDC quantities and **UNITS**, as determined by CMS, must be used: UN = unit or each; ML = milliliter; GR = gram; and F2 = international unit (IU).

2. DO NOT submit NDC information for the following:
 - Medical supplies such as gauze, blood glucose strips, needles and syringes;
 - Substances used in radiological diagnostic studies, i.e., low osmolar contrast materials and radiopharmaceuticals such as technetium and thallium;
 - Durable medical equipment such as glucometers, canes, walkers, wheelchairs, orthotic and prosthetic devices such as braces and splints;
 - Drugs that are not FDA approved and/or experimental; and
 - HCPCS codes which identify Medicare’s Physician Quality Reporting Indicator (PQRI) program.

See the CMS 1500 Claims summary table. HCPCS code modifiers for claims involving single HCPCS codes with multiple NDC numbers for the same date of service are indicated.

If you have any questions regarding claims issues, please contact Affiliated Computer Services – Fiscal Agent (ACS-FA) at (808) 952-5570 or toll free (800) 235-4378 for assistance.

CMS 1500 CLAIMS					
Medicaid Recipient		Medicaid Recipient with Private Health Insurance		Medicare/Medicaid Beneficiary	
NDC	Comments	NDC	Comments	NDC	Comments
No	Do not submit NDC information on CMS 1500 to ACS-FA; submit NDC information to ACS-PBM on CMS 1500 or DHS 204.	No	Do not submit NDC information on CMS 1500 to ACS-FA; submit NDC information to ACS-PBM on CMS 1500 or DHS 204.	Yes	Submit NDC information on CMS 1500 to ACS-FA for drugs covered by Medicare Part B and not self administered by patient.
<p>CMS 1500 CLAIMS—both electronic and hard copy formats:</p> <ol style="list-style-type: none"> 1. HCPCS code must be provided for each drug provided. 2. If a single HCPCS code is associated with multiple NDC numbers for the same date of service, providers are encouraged to use the following HCPCS modifiers: <ol style="list-style-type: none"> a. KP <i>First drug of a multiple drug unit dose formulation; and</i> b. KQ <i>Second or subsequent drug of a multiple drug unit dose formulation.</i> 3. NDC quantity and unit must be used for NDC information. 					

Affiliated Computer Services – Pharmacy Benefits Manager (ACS-PBM)
 Affiliated Computer Services – Fiscal Agent (ACS-FA)
 Department of Human Services (DHS)