




STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
Med-QUEST Division
Medical Standards Branch
P. O. Box 700190
Kapolei, Hawaii 96709-0190

June 10, 2008

MEMORANDUM

ACS M08-06

TO: Medicaid Participating Hospitals Emergency Rooms, Dialysis Centers, Home Health Agencies, Institutional Providers That Submit On UB04 Forms, Medicaid Physicians, Physician Assistants, Advanced Practice Registered Nurses, Other Providers With Prescribing Authority and Pharmacy Providers

FROM: Patricia Johnson, Health Care Assistant Administrator 

SUBJECT: FEE-FOR-SERVICE PROGRAM ONLY
**NATIONAL DRUG CODES (NDCs) SUBMITTAL REQUIREMENTS
EFFECTIVE JULY 1, 2008**

In Affiliated Computer Services (ACS) Memorandum ACS M07-11, dated July 11, 2007, and ACS M07-19, dated October 10, 2007, the Med-QUEST Division (MQD) informed Medicaid Fee For-Service (FFS) providers that the National Drug Code (NDC) information was federally required on certain claims submitted on and after January 1, 2008. In ACS Memorandum ACS M08-02, dated February 15, 2008, the MQD informed providers that it asked for and was granted a six (6) month delay in the implementation. Thus, effective for claims with **dates of service on or after July 1, 2008**, NDC information for prescribed drugs in the formats detailed in ACS M07-11 and ACS M07-19 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 either the Centers for Medicare and Medicaid Services (CMS) form 1500 or Universal Billing (UB) form 04 formats and who are ready to submit NDC information are encouraged to submit this information prior to the July 1, 2008 date.

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Manual Medicare Claims

Medicare currently cannot cross over the NDC information electronically to Medicaid when it receives manual claims on either UB04 and CMS 1500 forms, for prescribed drugs not covered by Medicare Part D, Medicare is targeted to implement the necessary system changes to cross over NDC information on manual claims by October 6, 2008. Until then, drug lines on electronic cross over's of CMS 1500 claims manually submitted with NDC information will deny. Drug lines on electronic cross over's of UB04 claims will be non-covered. Both CMS 1500 and UB04 providers must submit the explanation of medical benefit (EOMB) and NDC information separately on a hard copy adjustment claim to ACS Fiscal Agent (FA).

340 (b) covered entities for Medicare claims

The 340 (b) program is a federal program that provides discounts on some prescription drugs to certain specific entities. CMS has informed Medicaid that states can exempt 340 (b) participating entities from reporting NDC information. Thus, providers that participate in 340 (b) must submit a Healthcare Common Procedure Coding System (HCPCS) code that identifies the drug followed by a UD* modifier ONLY for drugs obtained through the 340 (b) program when the charges for these drugs are billed at the actual 340 (b) cost. This would apply to drugs that must be billed to ACS FA. (See attached tables)

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, click on Formulary Search).
 - NDC quantities and **UNITS**, as determined by CMS, must be used: UN = unit or each; ML = milliliter; GR = gram; 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;

*This UD modifier is defined by the State.

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- Drugs that are not Food and Drug Administration (FDA) approved and/or experimental; and
- HCPCS codes which identify Medicare's Physician Quality Reporting Indicator (PQRI) program.

The CMS 1500 Claims table on Page 4 and UB04 Claims table on Page 5 identify whether or not the NDC information is required for Hawaii Medicaid FFS claims submitted in CMS 1500 or UB04 format.

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.

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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.
CMS 1500 CLAIMS---both electronic and hard copy formats:					
<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)

UB04 CLAIMS			
Medicaid Recipient		Medicaid Recipient with Private Health Insurance	Medicare/Medicaid Beneficiary
1. Hospital Emergency Room			
NDC	Comments	NDC	Comments
Yes	Submit NDC information on UB04 to ACS-FA.	Yes	Submit NDC information on UB04 to ACS-FA.
2. Other Hospital Outpatient Services			
NDC	Comments	NDC	Comments
No	Do not submit NDC information on UB04 to ACS-FA; submit NDC information to ACS-PBM for drugs that are separately billable on CMS 1500 or DHS 204.	No	Do not submit NDC information on UB04 to ACS-FA; submit NDC information to ACS-PBM for drugs that are separately billable by the primary insurer on CMS 1500 or DHS 204.
3. Home Health Agencies, Hospices, Federally Qualified Health Centers (FQHCs), Long Term Care Facilities			
NDC	Comments	NDC	Comments
No	Do not submit NDC information on UB04 to ACS-FA; submit NDC information to ACS-PBM for drugs that are separately billable on CMS 1500 or DHS 204.	No	Do not submit NDC information on UB04 to ACS-FA; submit claims to the Beneficiary's Medicare Part D plans.
4. Dialysis Centers			
NDC	Comments	NDC	Comments
Yes & No	Submit NDC information on UB04 for Epoetin alpha only to ACS-FA; Submit NDC information for ALL OTHER drugs to ACS-PBM on CMS 1500 or DHS 204.	Yes & No	Do not submit NDC information on UB04 to ACS-FA for drugs not billable under Medicare's dialysis benefit.
All UB04 CLAIMS—both electronic and hard copy formats:			
<ol style="list-style-type: none"> For Revenue Code 25X, HCPCS codes are optional. However, NDC numbers and quantities must be submitted. Multiple NDC numbers and quantities can be submitted for each 25X code. See example in ACS M07-19. For all other Revenue Codes, providers must submit a HCPCS code in Form Locator 44. NDC quantity and unit must be used for NDC number information. <p>Note: ACS M07-19 described that NDC numbers would be required based on the revenue code being billed. NDC numbers are required for all drugs regardless of the revenue code being billed.</p>			