



Related MLN Matters Article #: MM5835

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*Medicare Shared Systems Modifications Necessary to Accept and Crossover to Medicaid National Drug Codes (NDC) and Corresponding Quantities Submitted on CMS-1500 Paper Claims*

### Key Words

MM5835, CR5835, R1401CP, Crossover, NDC, CMS-1500

### Provider Types Affected

All physicians, providers, and suppliers who submit paper claims using Form CMS-1500 to Medicare Carriers, Medicare Administrative Contractors (A/B MACs), and Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for certain physician administered drugs provided to Medicare beneficiaries

### Key Points

- The effective date of the instruction is April 7, 2008.
- The implementation date is April 7, 2008.
- Change Request (CR) 5835 notifies physicians and suppliers who use claim Form CMS-1500 (those providers who qualify for a waiver from the Administrative Simplification Compliance Act) that changes are being made to Medicare systems to conform with instructions for submitting NDC drug code and quantity information on Form CMS-1500.
- This instruction only applies to those providers eligible to submit paper claims and who do so for patients who are dually eligible for Medicaid and Medicare.
- Such claims need to include NDCs and corresponding quantity amounts for physician-administered drugs.
- The Deficit Reduction Act (DRA) of 2005 required State Medicaid agencies to provide for the collection of NDCs on all claims for certain physician-administered drugs for the purpose of billing manufacturers for Medicaid drug rebates.
- Prior to the DRA, physicians' offices, outpatient hospital departments, and clinics generally used Healthcare Common Procedure Coding System codes to bill Medicaid for drugs dispensed to Medicaid patients.

- Often states were not able to fulfill the rebate requirements for physician-administered drugs, because State Medicaid agencies are required to invoice manufacturers for rebates using NDCs for drugs for which the states have made payments.
- The requirements for the collection of NDCs became effective beginning January 1, 2007.
- Beginning January 1, 2008, in order for federal financial participation to be available for these drugs, State Medicaid agencies must be in compliance with the requirements. These requirements were implemented in a final rule published on July 17, 2007.
- The quantity field of the CMS-1500 paper claim should be captured on all crossover claims for Medicaid billing, as provided for by the National Uniform Claims Committee.
- Information regarding the quantities of physician-administered drugs billed to Medicaid is also necessary for states to bill manufacturers for Medicaid drug rebates.

### Form CMS-1500 Instructions

- When required to submit NDC drug number and quantity information for Medicaid rebates on the CMS-1500 paper claim providers should make sure they:
  - Submit the NDC code in the red shaded portion of the detail line item in positions 01 through position 13;
  - Precede the NDC with the qualifier N4 and immediately follow the NDC with the 11digit NDC code (e.g., N499999999999); and
  - Report the NDC quantity in positions 17 through 24 of the same red shaded portion.
    - The quantity is to be preceded by the appropriate qualifier: UN (units), F2 (international units), GR (gram) or ML (milliliter).
    - There are six positions available for quantity. If the quantity is less than six positions, the entry should be left justified with spaces filling the remaining positions.

### Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5835.pdf> on the CMS website.

The official instruction (CR5835) regarding this change may be viewed at

<http://www.cms.hhs.gov/Transmittals/downloads/R1401CP.pdf> on the CMS website.

If providers have questions regarding this issue, they may contact their Medicare Carriers, A/B MACs, and DME MACs at their toll-free number, which may be found at

<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.