

J-Codes: States Billing of Rebates for Other than Single Source (S) Drugs-Drugs that do not have a One-to-One Crosswalk to the National Drug Code (NDC) Number

The NDC number is required in order for the state to bill manufacturers for Medicaid rebates. The process of crosswalking J-codes and other HCPCS-coded drugs to corresponding NDCs is possible in cases where there is a one-to-one relationship between the J-coded drug and the NDC number (which generally only occurs with Single Source (S) drugs). For multiple source drugs, J-codes do not provide a sufficient means to identify the specific NDC dispensed.

Recently, a manufacturer asked the DRP Team if states could bill for Innovator Multiple Source ("I") drugs where a J-code was crosswalked to a single NDC owned by the manufacturer. The state invoice only identified one NDC even though several NDCs were dispensed with the one J code.

Because the states claims-level data did not include the actual NDC dispensed, the states arbitrarily used one NDC number within this J-code to map all product utilization to. By allocating all J-coded claims for the same product into one NDC, the states were compensating for the fact that they could not identify the actual NDC dispensed.

The Centers for Medicare & Medicaid Services (CMS) does not find this practice reasonable or acceptable because the Medicaid Drug Rebate Program is an NDC-driven program and the specific NDC dispensed is necessary for states to bill manufactures for rebates. The scenario presented above prevents the manufacturer from using accepted dispute detection methods. In situations where there is not a one-to-one match, states should not attempt to bill for those J-coded drugs. If they do, disputes will likely occur.

We encourage states to share their best practices in billing states for J-Codes with us by emailing the DRP Team at drp@cms.hhs.gov . If we can support the practice, we will share it with other states.