LOUISIANA Department of HEALTH and HOSPITALS

UNISYS

Federal Statute Requires Providers to Enter National Drug Code (NDC) Information on Claim Submissions for Physician-Administered Drugs

A new Federal Statute mandates that providers must begin reporting National Drug Code (NDC) information for all physician-administered drugs* on claim submissions. This requirement applies to both electronic and hard copy claims.

Effective with date of service March 1, 2008, physicians, physician groups, APRNs, and physician assistant providers are required to submit NDC information and the corresponding HCPCS code for physician-administered drugs on the 837P (Professional transaction) and the CMS-1500 claim form. Billing instructions for the CMS-1500 form are located on the LA Medicaid web site, www.lamedicaid.com, under the New Medicaid Information link and under the Billing Information link. The LA Medicaid EDI Companion Guide for the 837P has been revised (2/2008) to include this information for EDI billing and the revision is available on the web site. The guide can be found under the link, HIPAA Billing Instructions and Companion Guides.

Effective with processing date May 23, 2008 for dates of service March 1, 2008 and after, outpatient hospital claims and licensed hemodialysis center claims are required to submit NDC information and the corresponding HCPCS code for physician-administered drugs on the 837I (Institutional transaction) and the UB-04 claim form. Updated billing instructions for the UB-04 form for outpatient hospital claims and hemodialysis claims are also located on the LA Medicaid web site under the Billing Information link and the New Medicaid Information link. The revised EDI Companion Guide for the 837I is available on the web site and includes this information for EDI billing.

This means that any LA Medicaid covered service submitted with a HCPCS procedure code for a physician-administered drug must be accompanied by the actual NDC code from the package of the drug administered and other required information. The information must be entered on the claim submission EXACTLY as indicated in the billing instructions to prevent future claim denials. This change **does not include** prescriptions written for patients by physicians. The information required in these cases will be reported by the pharmacy filling the prescription for the patient. Please consult your clinical professionals if you have questions concerning drugs that should have NDC information reported, as it will be present on the packaging of the drug.

Providers, Vendors, Billing Agents, and Clearinghouses must immediately begin updating their billing systems to accommodate this mandate.

Effective with date of service March 1, 2008, new claims processing edits were implemented as educational edits for professional providers. These educational edits will become effective for outpatient hospital and licensed hemodialysis providers on the RA dated May 27, 2008. **Effective with date of processing July 1, 2008, these edits will become denial edits for professional claims, outpatient hospital claims, and hemodialysis claims. Claims that do not contain the required, accurate NDC information submitted as directed in the billing instructions will deny.**

These edits are:

Edit 120 – “Quantity Invalid/Missing”
Edit 127 – “NDC Code Missing or Incorrect”
Edit 231 – “NDC Code Not on File”

Current claims history indicates that many professional claims are being submitted with the required data either missing or entered incorrectly on the claim. Once these edits become denial edits, any claims with incorrectly entered data will deny. Please review the entry of this information and ensure that it is correct and complete.

With the implementation of this mandate, physician administered drug claims will be invoiced to drug manufacturers for Medicaid rebates. Louisiana Medicaid may need to audit or review these claims if requested by the drug manufacturers or if any outlier billings are detected. Each provider must retain all records for five (5) years from the date of service or until all audit questions, disputes, or review issues are concluded. At times, a drug manufacturer may question the invoice amount, which results in a drug rebate dispute. If this occurs, you may be contacted requesting a copy of your office records to include documentation pertaining to the billed HCPCS/NDC code. Requested records may include drug/NDC invoices indicating purchase of drugs and documentation showing what drug (name, strength, and amount)

was administered to the Medicaid patient and on what date; verification/certification of the units billed on the claim(s); and copies of the labels from the drug packages.

NOTE 1: Rural Health Clinics, Federally Qualified Health Centers, and Mental Health Clinics are not included in the implementation of this mandate.

* Physician-administered drugs include any drugs ordered by a doctor (or APRN with prescriptive authority), regardless of which clinical professional actually administers the drug.

Revised 05/22/2008