

Payment Policy: National Drug Code – NDC Submissions



| POLICY NUMBER | ANNUAL APPROVAL DATE | APPROVED BY |
|---------------|----------------------|--------------------------------|
| RP20210003 | 12/01/2020 | Reimbursement Policy Committee |

Overview

This policy describes the National Drug Code information that is required on professional and outpatient facility drug claims that are reported for reimbursement. National Drug Code (NDC) numbers are the industry standard identifier for drugs and provide full transparency to the medication administered. The NDC number identifies the manufacturer, drug name, dosage, strength, package size, and quantity.

For purposes of this policy, a valid NDC number, NDC unit of measure, and NDC units dispensed for the drug administered will be required for reimbursement of professional drug claims on a 1500 Health Insurance Claim Form (CMS-1500), the 837-professional transaction, a UB-04 Claim Form, or the 837i facility transaction.

Guidelines:

The NDC is a unique numeric identifier assigned to medications listed under Section 510 of the United States Federal Food, Drug and Cosmetic Act. The 11-digit NDC is separated into three segments in a 5-4-2 format. They are as follows:

- The first five digits identify the manufacturer of the drug and are assigned by the Food and Drug Administration (FDA).
- The remaining 6 digits are assigned by the manufacturer and identify the specific product and package size.

Sometimes, the NDC on the label does not include the 11 digits. If this occurs, it will be necessary to add a leading zero to the appropriate section to create a 5-4-2 configuration (i.e., 66733-0948-23 in the following sample). A valid NDC without spaces or hyphens should be placed on the medical claim. The NDC number on the container may be different than the NDC number on the external package; therefore, the NDC submitted must be the actual valid NDC number on the container from which the medication was administered.

XXXX-XXXX-XX = 0XXXX-XXXX-XX

XXXXX-XXX-XX = XXXXX-0XXX-XX

XXXXX-XXXX-X = XXXXX-XXXX-0X

Payment Policy: National Drug Code – NDC Submissions



NDC Unit of Measure (UOM)

| UOM | Description | Guidelines |
|-----|--------------------|---|
| F2 | International unit | International units will mainly be used when billing for Factor VIII-Antihemophilic Factors |
| GR | Gram | Grams are usually used when an ointment, cream, inhaler, or bulk powder in a jar are dispensed. This unit of measure will primarily be used in the retail pharmacy setting and not for physician-administered drug billing. |
| ML | Millimeter | If a drug is supplied in a vial in liquid form, bill in millimeters. |
| UN | Unit | If a drug is supplied in a vial in powder form, and must be reconstituted before administration, bill each vial (unit/each) used. |

Note: ME is also a valid unit of measure, but we recommend using the appropriate UN or ML indicator as this is generally how drugs are priced.

NDC Units Dispensed

The actual decimal quantity administered and the units of measurement are required on the claim. If reporting a partial unit, use a decimal point. (i.e., if three 0.5 ml vials are dispensed, report ML1.5).

- GR0.045
- ML1.5
- UN2.0

The number of digits for the quantity is limited to eight digits before the decimal and three digits after the decimal. If entering a whole number, do not use a decimal. Do not use commas. Do not zero fill, leave remaining positions blank.

Please refer to the following examples:

- 1234.56
- 2
- 12345678.123

Requiring the NDC information will differentiate drugs that share the same HCPCS, CPT, or Revenue codes for drug preferences and enhance reimbursement processes.

If the NDC information is missing, invalid, incomplete, or does not match the HCPCS or CPT submitted, the claim may be denied. If the claim is denied, it can be resubmitted with the appropriate NDC information for reconsideration of reimbursement.

Maximum Units per Package

Units submitted for a drug should not exceed the package maximum units available based on the NDC number or in increments associated with the drug package. Maximum units will be applied for specific drugs where a specific and standard number of units should be submitted per the NDC of the package. When units submitted exceed the maximum units allowed per package or when units submitted are not in increments of the package, the units over the maximum unit will be denied.

Payment Policy: National Drug Code – NDC Submissions



Claim Form Instructions

Paper Claims

Using the CMS-1500 form, enter the NDC information in field 24. There are six service lines in field 24 with shaded areas.

Place the NDC information in the line's top shaded part.

| 24. A. DATE(S) OF SERVICE | | | | B. PLACE OF SERVICE | C. EMG | D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances) | | | E. DIAGNOSIS POINTER | F. \$ CHARGES | G. DAYS OR UNITS | H. FCY Per | I. QUAL | J. RENDERING PROVIDER ID. # | |
|---------------------------|----|----|----|---------------------|--------|---|----|-----------|----------------------|---------------|------------------|------------|---------|-----------------------------|-------------|
| From | To | MM | DD | YY | MM | DD | YY | CPT/HCPCS | MODIFIER | | | | | | |
| N459148001665 UN1 | | | | | | | | | | | | | | | |
| 10 | 01 | 05 | 10 | 01 | 05 | 11 | | J0400 | | | | | N | G2 | 12345678901 |
| | | | | | | | | | | 500 | 00 | 1 | N | NPI | 0123456789 |

When you're entering the supplemental NDC information for the NDC, add it in the following order:

- "N4" qualifier
- 11-digit NDC code
- Add one space
- Two-character unit of measure and the quantity; see Q5 and Q6 for more information

Using the UB 04 form, fill out the following fields:

- Field 42: Include the appropriate revenue code
- Field 43: Include the 11-digit NDC code, unit of measurement, and quantity
- Field 44: Include the HCPCS code if required

Electronic Claims

EDI Requirements for Professional (837p) and Institutional (837i) Claims

| Loop | Segment | Element Name | Instructions | Additional Information |
|------|---------|--------------|--|--|
| 2410 | LIN | 02 | Product or Service ID Qualifier | If billing for an NDC, enter "N4". |
| 2410 | LIN | 03 | Product or Service ID | If billing for drugs, include the 11-digit NDC. Sample: LIN**N4*12345678901 |
| 2410 | CTP | 04 | Quantity | If an NDC was submitted in LIN03, include the administered NDC quantity. See Q5 for unit information. |
| 2410 | CTP | 05-1 | Unit or Basis for Measurement Code | If an NDC was submitted in LIN03, include the unit or basis for measurement code for the NDC billed. See Q6 for unit information. Sample: CTP***3*UN |
| 2410 | REF | 01 | VY: Link Sequence Number XZ: Prescription Number | The Link Sequence Number is used to report components for compound drug. |
| 2410 | REF | 02 | Link Sequence Number or Prescription | Sample: REF01*VY*123456 |

FAQs

If the medication comes in a box with multiple vials, should I use the NDC number on the box or the NDC number on the individual vial?

You'll use the NDC information from the vial that was administered to the member. This includes the NDC number and the quantity administered with the unit of measurement. There are exceptions when drug manufacturers don't provide pricing at the individual vial level. Generally, only NDC numbers with available pricing are considered valid. In these instances, you should bill using the NDC information from the outside packaging and include the correct units administered. When missing vial level NDCs are identified, we add these exceptions to our validation tables so your claims will process accurately.

If the medication comes in a box with two different drugs that are mixed, should I use the NDC number on the box?

Yes. The NDC number from the outer box is required when different drugs from the package are mixed.

Do I have to bill with all of the NDC information in addition to revenue, HCPCS, or CPT codes?

Yes. Complete NDC information must be submitted on the claim in addition to the applicable revenue, HCPCS, or CPT codes and the number of revenue, HCPCS, or CPT units. You'll continue to need the valid revenue, HCPCS, or CPT code with units of service on the claim because claims are priced based on revenue, HCPCS, or CPT codes and the units of service. If the NDC number on the claim doesn't have a specific revenue, HCPCS, or CPT code assigned to it, please assign the appropriate miscellaneous code.

What if there are multiple NDCs administered for the same revenue or HCPCS code?

You may have multiple NDCs when you administer multiple drug strengths to a patient or when a drug is comprised of more than one ingredient. Submit each NDC number as a separate claim line with the appropriate revenue, HCPCS, or CPT drug code.

Standard revenue, HCPCS, or CPT code billing accepts the use of the following modifiers to determine when more than one NDC is billed for a service code.

Paper Claim

KP: First drug of a multiple drug unit dose formulation

KQ: Second or subsequent drug of a multiple drug unit dose formulation

Electronic Claim

The compound drug should be reported by repeating the LIN and the CPT segments in the 2410 identification loop.

Will claims with NDC information be subject to any clinical edits?

Yes. Examples of claims editing that may apply are:

- NDC and HCPCS verification edits identify potentially incorrect billing when the NDC number and HCPCS codes don't match.
- NDC max unit edits target drugs that have specific strengths where the claim exceeds the expected number of units.
- Inactive NDC number edits look for inactive or obsolete drugs.

Payment Policy: National Drug Code – NDC Submissions



References

You can find more information about NDC online:

- The U.S. Food and Drug Administration (FDA) package insert includes the NDC information. Online, the FDA publishes an online searchable [National Drug Code Directory](#) and has other public resources.
- The Centers for Medicare & Medicaid Services (CMS) publishes a [CMS HCPCS/NDC Crosswalk](#).
- The National Uniform Claim Committee includes NDC billing instructions with their [1500 Claim Form Reference Instruction Manual](#).

Revision History

| DATE | REVISION |
|---------|--------------|
| 11/2020 | • New Policy |