National drug code requirements

Frequently asked questions

Overview

Professional and outpatient hospital claims with drug-related codes must include the National Drug Code (NDC) number, quantity and the unit of measure (UOM). This helps us differentiate and target drugs that share the same Healthcare Common Procedure Coding System (HCPCS) code to determine drug preferences and leverage rebates while also helping find billing errors.

This requirement applies to paper and electronic claims when they include drug-related HCPCS codes and drug-related Current Procedural Terminology (CPT®) codes. We'll deny claims without the NDC, and you'll be asked to resubmit the claim with the NDC information.

You may need to update your billing systems to meet the NDC requirement.

Key points

- Claims submitted for reimbursement must include the NDC number, quantity and unit of measure
- This requirement applies to both paper claims and electronic claims
- UnitedHealthcare of Community Plan of Washington

Frequently asked questions

Q1. Why is UnitedHealthcare Community Plan enforcing the NDC requirement on professional drug claims?

A1. The requirement is part of our effort to reduce overall health care costs. The NDC is a universal number that identifies a drug or related drug item. As the industry-standard identifier for drugs, NDCs provide full transparency of the medication administered. They accurately identify the manufacturer, drug name, dosage, strength, package size and quantity. Enforcing the NDC requirement for Community Plan claims helps maintain consistent claim billing guidelines.

Q2. What if a member is dual eligible for Medicare and Medicaid?

A2. The Centers for Medicare & Medicaid Services (CMS) requires collection of the NDC number on claims where the member is dual eligible, per CMS Transmittal 1401, which updates the Medicare Claims Processing Manual to state the following: "The Deficit Reduction Act (DRA) of 2005 required State Medicaid agencies to provide for the collection of National Drug Codes (NDC) on all claims for certain physician-administered drugs for the purpose of billing manufacturers for Medicaid drug rebates. In order to capture the information needed to fulfill the rebate requirements, Medicare providers billing for dual- eligible patients will be required to submit the NDCs for physician-administered drugs in the red-shaded area of the service lines in field 24 of the CMS-1500 form in order for this data to be crossed over to Medicaid for the billing of Medicaid rebates."

While CMS does not require the NDC on traditional Medicare claims, UnitedHealthcare Community Plan requires it on all professional Medicare claims in case the member retroactively becomes a dual eligible beneficiary.

Q3. Do drugs billed through a hospital outpatient department require an NDC?

A3. Yes. To maintain consistent claim billing guidelines, enforcement of the NDC requirement for UnitedHealthcare Community Plan hospital facility outpatient claims is required

Q4. Is the NDC required for a complete claim?

A4. Yes. The UnitedHealthcare Community Plan NDC Reimbursement Policy states the following: "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 (a/k/a CMS-1500) or the 837 professional transaction." If the NDC information is missing, invalid or incomplete, the claim may be denied. Health care professionals can resubmit denied claims with the appropriate NDC information for reconsideration.

Q5. Is there a change for NDC-contracted health care professionals?

A5. No. An NDC-contracted health care professional typically is a home infusion or specialty pharmacy care. These health care professionals are contracted to be reimbursed by NDC methodology for professional claims submitted to the UnitedHealthcare Community Plan's NDC drug pricer.

Submitting NDC claims

Q6. What drug codes require the NDC to be submitted?

A6. The following drug codes are required:

- J codes, including miscellaneous and unlisted drug codes
- Drug-related CPT codes, including miscellaneous and unlisted drug codes, Synagis® and immune globulin
- Drug-related Q codes, including miscellaneous and unlisted drug codes, contrast
- Drug-related S codes, including Testopel®
- Drug-related A codes, including miscellaneous and unlisted drug codes, and radiopharmaceuticals

The NDC will not be required for G codes and P codes.

Q7. What NDC information is required?

A7. Claims must contain the following information when submitting an NDC:

- Valid 11-digit NDC number
- NDC unit of measure (F2, GR, ML, UN)
- NDC units (including dispensed and waste from the package on the same line, must be greater than 0) Washington health care professionals must follow Health Care Authority (HCA) billing guidelines

Q8. Is the NDC information subject to any additional clinical edits?

A8. Yes. The following criteria are initially applied:

- NDC and HCPCS verification: Identifies incorrect billing when the NDC and HCPCS codes are not a match on the drug claim
- NDC max unit: Targets drugs that have specific strengths where an expected number of units are exceeded
- Inactive NDCs: Targets inactive or obsolete drugs
- Single-dose, unbreakable package: Identifies products that come in unbreakable package sizes, such as single-dose vials

Q9. How do I bill for single-dose, unbreakable packages?

A9. When a drug is packaged in a single-dose vial that can't be used for multiple injections, reimbursement is for the entire quantity of the drug or biological contained in the vial. Unused product discarded as waste is covered in addition to the quantity administered, up to the maximum number of allowed units for the vial size used. Health care professionals should use the smallest vial size available from the manufacturer(s) containing the amount necessary for administration. The NDC for the actual vial size used must appear on submitted claims, and the full number of units contained within that vial must be billed as a single claim. For more information please see the **HCA billing guidelines.**

Q10. Do I have to include NDC information in addition to HCPCS CPT codes?

A10. Yes. The NDC, NDC units of measure and NDC quantity must be submitted in addition to the applicable HCPCS or CPT codes and the number of HCPCS CPT units. Claims are priced based on HCPCS or CPT codes and units of service. A valid HCPCS or CPT code with units of service must continue to be entered on the claim form as the basis for reimbursement. If the NDC is not assigned a specific HCPCS or CPT code, please use the appropriate miscellaneous code.

Q11. Where is the NDC number located?

A11. The NDC is found on the prescription drug label of the drug container. It consists of 11 digits, with hyphens separating the number into 3 segments in a 5-4-2 format. The first 5 digits identify the manufacturer of the drug and are assigned by the Federal Drug Administration (FDA). The remaining digits are assigned by the manufacturer and identify the specific product and package size. Sometimes the NDC on the label does not include 11 digits. If this occurs, you'll need to add a leading zero to the appropriate section to create a 5-4-2 configuration.

We've included examples below, using 66733-0948-23 on the sample label. The NDC submitted on your claim must be the actual valid NDC number on the container from which the medication was administered. It should be placed on the claim without spaces or hyphens.

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

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

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

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Q12. Are the NDC units different from the HCPCS CPT code units?

A12. Yes. Please continue the correct usage of HCPCS CPT codes and service units, as they will remain the basis for reimbursement. NDC units are based upon the numeric quantity administered to the patient and the unit of measure (UOM.)

NDC Unit of Measure (UOM)

UOM	Description	General 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 is dispensed. This unit of measure will primarily be used in the retail pharmacy setting and not for physician-administered drug billing.
ML	Milliliter	If a drug is supplied in a vial in liquid form, bill in milliliters.
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.

NDC units

There are 6 characters available for quantity. If the quantity is less than 6 positions, you'll need to left justify and space-fill the remaining positions. The actual decimal quantity administered and the units of measurement are required on the claim. If reporting a partial unit, use a decimal point. For example, if 3 (three) .5 ml vials are dispensed, report 1.5 ml.

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

Q13. What if there are multiple NDCs?

A13. If there is more than 1 NDC utilized within the HCPCS code, such as when multiple drug strengths are used, submit each applicable NDC as a separate claim line. Each drug code submitted must have a corresponding NDC on each claim line.

If the drug administered is composed of more than 1 ingredient, such as a compound or same drug with different strength, list each NDC on a claim line with the appropriate drug code.

Standard HCPCS or CPT code billing accepts the use of the following modifiers to determine when more than 1 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.

Q14. Can a physician or health care professional resubmit a charge if it is initially rejected for failure to bill with an NDC?

A14. Yes. All charges for HCPCS drug codes that require NDCs can be resubmitted with NDCs, within timely filing guidelines, for reconsideration of payment.

Q15. How should the NDC, unit of measure and quantity be submitted?

A15. To submit the NDC, unit of measure and the quantity, please do the following:

Paper claim requirements CMS 1500 form:

- Enter the NDC in the shaded area of the service lines in field 24
  - The 6 service lines in section 24 have been divided horizontally to accommodate supplemental information that supports the billed service. The shaded top portion in each of the 6 service lines is the location for reporting supplemental information.
- Submit the NDC code in the red-shaded portion of the detail line item in positions 01 through position 13. The NDC is to be preceded with the qualifier N4 and followed immediately by the 11-digit NDC code, such as N499999999999.
- 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: units (UN), international units (F2), gram (GR) or milliliter (ML).
  - There are 6 bytes available for quantity. If the quantity is less than 6 bytes, please left justify and space-fill the remaining positions, such as UN2 or F2999999.

UB 04 form:

- Field 42: Revenue code
- Field 43: NDC 11-digit number, unit of measurement qualifier and unit quantity
- Field 44: HCPCS code

EDI Requirements:

- Loop is 2410
- NDC qualifier N4 and NDC code are sent in the LIN segment
  - LIN02 – NDC qualifier
  - LIN03 – NDC code
- Quantity and unit of measure are sent in the CTP segment
  - CTP04 – quantity
  - CTP05-1 – unit of measure
- Prescription number or link sequence number (to report components for compound drug)
  - REF01 - VY: Link sequence number, XZ: prescription number
  - REF02 – Link sequence number or prescription number

Loop	Segment	Element name	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 NDC. Sample – LIN**N4*1234567 8901.
2410	CTP	04	Quantity	If an NDC was submitted in LIN03, include the quantity for the NDC billed.
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. F2 – international unit GR – gram, ML – Milliliter UN – Unit Sample – CPT****3*UN
2410	REF	01	VY: Link sequence number, XZ: Prescription number	Link sequence # (to report components for compound drug).
2410	REF	02	Link sequence number or prescription number	Sample: REF01*VY*12345 6

NDC resources

Q16. Where can I find other resources about NDCs?

A16. FDA package inserts include the NDC. The FDA also publishes an online searchable **National Drug Code Directory** and a downloadable **NDC database** file. CMS publishes an NDC to HCPCS crosswalk. You can also buy the **Optum360® NDC coding product.**

Q17. Who can I contact for help?

A17. If you have questions regarding EDI issues, payer level rejections, electronic payments and statements, claim status or eligibility, please call **800-842-1109** or use the EDI Transaction Support Form. For UnitedHealthcare EDI claims support, please call **800-210-8315.** You may also email us at **ac_edi_ops@uhc.com.**

Note Regarding Reimbursement Policies

As with all UnitedHealthcare Community Plan policies, other factors affecting reimbursement may supplement, modify or in some cases supersede this policy. These factors include but are not limited to federal and/or state regulatory requirements, physician or other provider contracts and/or the member's benefit coverage documents. Unless otherwise noted as follows, these reimbursement policies apply to services reported using the CMS-1500 or its electronic equivalent, or its successor form.

UnitedHealthcare Community Plan reimbursement policies do not address all issues related to reimbursement for services rendered to our members, such as the member's benefit plan documents; our medical policies; and the UnitedHealthcare Community Plan Physician, Health Care Professional, Facility and Ancillary Provider Administrative Guide. Meeting the terms of a particular reimbursement policy is not a guarantee of payment. Likewise, retirement of a reimbursement policy affects only those system edits associated with the specific policy being retired. Retirement of a reimbursement policy is not a guarantee of payment. Other applicable reimbursement and medical policies and claims edits will continue to apply. You can view the policies at **UHCprovider.com/policies**. In the event of an inconsistency or conflict between the information in this Provider Notification and the posted policy, the provisions of the posted reimbursement policy prevail. If you have any questions, please contact your Health Plan Representative or call the number on your Provider Remittance Advice/ Explanation of Benefits.

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