



Related MLN Matters Article #: MM5950

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### *Medicare Shared Systems Modifications Necessary to Capture and Crossover Medicaid Drug Rebate Data Submitted on Form UB 04 Paper Claims and Direct Data Entry (DDE) Claims*

#### Key Words

MM5950, CR5950, R1496CP, Crossover, Rebate, DDE

#### Provider Types Affected

Physicians' offices, hospital outpatient departments, and outpatient clinics serving patients who are dually eligible for Medicare and Medicaid and **submit UB 04 paper or DDE claims** to Medicare Fiscal Intermediaries, Regional Home Health Intermediaries, and Part A/B Medicare Administrative Contractors for physician administered drugs

#### Key Points

- The effective date of the instruction is October 1, 2008.
- The implementation date is October 6, 2008.

#### Background

- The Deficit Reduction Act (DRA) of 2005 required State Medicaid agencies to provide for the collection of National Drug Codes (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.
- Because State Medicaid agencies are required to invoice manufacturers for rebates using NDCs for drugs for which the states have made payments, and they were not receiving NDCs on claims for these drugs, states were not able to fulfill the rebate requirements for physician-administered drugs.
- The requirements for the collection of drug rebate data became effective beginning January 1, 2007.

- In addition, 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 Centers for Medicare & Medicaid Service (CMS) issued Change Request (CR) 5950 so that Medicaid drug rebate information submitted to Medicare on the UB 04 or via DDE will crossover to Medicaid.
- CR5950 notifies providers that modifications to Medicare systems will be implemented that will allow CMS to capture and crossover the NDCs. Corresponding quantities are then recorded on claims by Medicare providers.
- In order to capture the information needed to fulfill the rebate requirements, providers billing for dual eligible patients will be required to submit the NDCs for physician-administered drugs in the Revenue Description Field (Form Locator 43) on the UB-04 in order that this data can be crossed over to Medicaid for the billing of Medicaid rebates.

#### CR5950 Changes that Impact Provider Billing, Effective October 1, 2008

- The requirements only apply when the Medicare provider is submitting claims for physician-administered drugs to Medicare for dual eligible beneficiaries (i.e., those eligible for both Medicare and Medicaid).
- Medicare will not edit, validate, nor process the NDCs and corresponding quantities received on UB-04 claims, but will pass the data to Medicaid through the Coordination of Benefits process.
- The Medicaid Drug Rebate Reporting instructions are summarized as follows:
  - Using the Revenue Description Field (Form Locator 43) on the UB-04, providers should:
    - Report the N4 qualifier in the first two (2) positions, left-justified;
    - Followed immediately by the 11 character NDC number in the 5-4- 2 format (no hyphens);
    - Immediately following the last digit of the NDC (no delimiter) enter the Unit of Measurement Qualifier. The Unit of Measurement Qualifier codes are as follows:
      - F2 -International Unit
      - GR-Gram
      - ML-Milliliter
      - UN- Unit.
    - Immediately following the Unit of Measurement Qualifier, enter the unit quantity with a floating decimal for fractional units limited to 3 digits (to the right of the decimal); and
    - Leave blank any unused spaces for the quantity.

**Note:** The decision to make all data elements left-justified was made to accommodate the largest quantity possible. The Description Field on the UB-04 is 24 characters in length. **An example of the methodology is illustrated on page 2 on MLN Matters MM5950.**

## Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5950.pdf> on the CMS website.

The official instruction (CR5950) issued regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R1496CP.pdf> on the CMS website.