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MLN Matters Number: MM5950

Related Change Request (CR) #: 5950

Related CR Release Date: May 2, 2008

Effective Date: October 1, 2008

Related CR Transmittal #: R1496CP

Implementation Date: October 6, 2008

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

Note: This article was updated on July 12, 2013, to reflect current Web addresses. All other information remains unchanged.

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 contractors (fiscal intermediaries (FIs), regional home health intermediaries (RHHIs), and Part A/B Medicare Administrative Contractors (A/B MACs)) for physician administered drugs.

Impact on Providers

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. This change request is to notify providers that modifications to Medicare systems will be implemented that will

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allow CMS to capture and crossover the National Drug Codes (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.** It is important billing staffs note three items in this change request that impact provider billing, effective October 1, 2008:

1. 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.
2. 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 (COB) process;
3. The Medicaid Drug Rebate Reporting instructions are summarized as follows:

Using the **Revenue Description Field (Form Locator 43) on the UB-04:**

- Report the N4 qualifier in the first two (2) positions, left-justified;
- Followed immediately by the 11 character National Drug Code number in the 5-4- 2 format (no hyphens);
- Immediately following the last digit of the NDC (no delimiter) 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, the unit quantity with a floating decimal for fractional units limited to 3 digits (to the right of the decimal); and
- Any spaces unused for the quantity are left blank.

Note that 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 below.

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N	4	1	2	3	4	5	6	7	8	9	0	1	U	N	1	2	3	4	.	5	6	7	
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Background

The Deficit Reduction Act (DRA) of 2005 required State Medicaid agencies to provide for the collection of NDC 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 (HCPCS) codes to bill Medicaid for drugs dispensed to Medicaid patients. However, 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, often 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 (FFP) 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.

Additional Information

To see the official instruction (CR5950) issued to your Medicare RHHI, FI and/or A/B MAC, refer to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1496CP.pdf> on the CMS website.

If you have questions, please contact your Medicare RHHI, FI and/or A/B MAC at their toll-free number which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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