

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



News Flash – On August 24, HHS Secretary Kathleen Sebelius announced a final rule that will save time and money for physicians and other health care providers by establishing a unique health plan identifier (HPID). The rule is one of a series of changes required by the Affordable Care Act to cut red tape in the health care system and will save up to \$6 billion over ten years. Currently, when a health care provider bills a health plan, that plan may use a wide range of different identifiers that do not have a standard format. As a result, health care providers run into a number of time-consuming problems, such as misrouting of transactions, rejection of transactions due to insurance identification errors, and difficulty determining patient eligibility. The change announced on August 24 will greatly simplify these processes. For more information, see the [Fact Sheet](#) related to this final rule.

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Important Information Concerning the Medicare Crossover Process and State Medicaid Agency Requirements for National Drug Codes (NDCs) Associated with Physician-Administered Part B Drugs

Provider Types Affected

This MLN Matters® Special Edition (SE) Article is intended for physicians, hospitals, clinics, other providers, their billing vendors or clearinghouses that regularly include line-item billing for physician-administered drugs as part of the claims that they send to Medicare contractors (carriers, Fiscal Intermediaries (FIs), or Medicare Administrative Contractors (MACs)).

Provider Action Needed

In this article, the Centers for Medicare & Medicaid Services (CMS) outlines guidance to help reduce the amount of claims being denied and/or not accepted by State Medicaid Agencies in conjunction with the national Coordination of Benefits Agreement (COBA) Medicare claims crossover process.

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CMS is providing this guidance in an effort to improve the effectiveness of the Medicare claims crossover process.

Background

Currently, many payers use both the 11 digit National Drug Code (NDC), reported in the 5-4-2 format, and the associated Healthcare Common Procedure Coding System (HCPCS) code for claims adjudication that include billing for physician-administered drugs. In accordance with the Deficit Reduction Act (DRA) of 2005 and its subsequent implementing regulation, as found in 42 Code of Federal Regulations (CFR) 447 Section 520, State Medicaid Agencies must include information on individual NDCs directly related to physician-administered drugs when sending their billing to drug manufacturers to claim drug rebates under the Title XIX program. Such information is normally available to State Medicaid Agencies through the national COBA Medicare Claims Crossover Process, by which Medicare automatically transfers fully-adjudicated Medicare claims to Title XIX Medicaid agencies for their supplemental, or tertiary, payment consideration.

Through ongoing discussions with Title XIX Medicaid agencies, CMS has determined that physician offices, outpatient hospital departments, and outpatient clinics do not always include a one-to-one reporting of an NDC for each Part B drug HCPCS (e.g., J3140) code reported on incoming Medicare claims. This trend was found mostly on multi-line claims. Consequently, the Medicaid agencies are either denying the COBA Medicare crossover claims that report Part B drug HCPCS codes without corresponding NDCs, or developing the required information with physicians and outpatient hospital and clinic providers.

Key Points

Billing of NDCs on Health Insurance Portability and Accountability Act (HIPAA) 837 Institutional Claims Sent to Medicare

When physician billing offices and hospital outpatient departments and outpatient clinic billing offices determine that their patients are: 1) dually entitled to Medicare and Medicaid, and 2) have received physician-administered drugs as part of a medical encounter, they should bill the physician-administered drug(s) on the resulting claims to Medicare as follows:

- For each line level reporting of a Part B physician-administered drug, continue to report the associated HCPCS (e.g., J3140) in 2400 SV202-2, with SV202-1=HC; **and**
- For each Part B drug HCPCS reported in 2400 SV202-2, complete the required associated 2410 LIN and CPT04 segments as follows:
 - Include the NDC in 2410 LIN03, with LIN02=N4;
 - Include the quantity/unit count in 2410 CPT04; and
 - Input the needed information in 2410 CPT05 and CPT05-1.

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Billing NDCs on Incoming CMS-1500 or UB04 Hard Copy Claims to Medicare

- Most physicians and providers may realize that Medicare transforms incoming CMS-1500 or UB04 hard copy claims into their electronic equivalent HIPAA 837 professional and institutional formats as part of the Medicare claims crossover process. CMS previously issued guidance to physicians and providers about the reporting of NDCs and associated information (i.e., qualifier for NDC and qualifier for quantity/units, as well as reporting of quantity/unit count, including fractional units) on hard copy CMS-1500 and UB04 claim formats during 2008. These directions, which remain unchanged, may be reviewed in:
 - MLN Matters® Article MM5930, "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," is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM5950.pdf>; and
 - MLN Matters® Article MM5835, "Medicare Shared Systems Modifications Necessary to Accept and Crossover to Medicaid National Drug Codes (NDC) and Corresponding Quantities Submitted on CMS-1500 Paper Claims," is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM5835.pdf> on the CMS website.

Billing of NDCs via Direct Data Entry (DDE) Claims Screen

- Outpatient hospital departments and outpatient clinics that bill via DDE and are experiencing non-acceptance and/or denial of Medicare crossover claims by State Medicaid Agencies due to missing NDCs should contact their designated MAC or FI for assistance.

Additional Information

If you have any questions, please contact your carrier, FI, or 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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