

September 22, 2009

Montana Healthcare Programs Notice

**Outpatient Hospital, Emergency Room, Podiatry,
Physician, Mid-Level Practitioner, IDTF,
Free-Standing Dialysis Clinic, Birthing Center,
Laboratory and X-Ray, Pharmacy, Public Health
Clinic, Psychiatry, Ambulatory Surgery Center
(excludes Inpatient Hospital, FQHC, DME,
Ambulance, Indian Health Service, Dentist, RHC,
and all others not mentioned above)**

NDC Billing Tools

The Omnibus Budget Reconciliation Act of 1990 created the Medicaid Drug Rebate Program, under which drug manufacturers must enter into a rebate agreement with the Centers of Medicare and Medicaid Services (CMS) to have their products covered by the Medicaid programs. Manufacturers are not required to participate; however, if they choose not to participate, state Medicaid programs will receive no federal matching payment for that manufacturer's drugs.

The Deficit Reduction Act of 2005 (DRA) made significant changes to the program, including a requirement to invoice the drug manufacturers for products administered in an office, clinic, hospital or other outpatient setting. To meet this mandate of the DRA, on April 1, 2008, Montana Medicaid began requiring that NDC information be included when a provider bills for physician-administered drugs provided in these settings. This requirement to report NDCs on professional and institutional claims is meant to supplement procedure code billing, not replace it. Providers are still required to include applicable procedure code information such as dates of service, CPT/HCPCS code, modifier(s), charges and units.

A drug may have multiple manufacturers so it is vital that the provider use the NDC of the administered drug and not another manufacturer's product, even if the chemical name is the same. It is important that providers develop a process to capture the NDC when the drug is administered. It is not permissible to bill with any NDC other than the one administered.

When a procedure code requires an NDC, Montana Medicaid will only cover those NDCs that are rebatable per the Omnibus Budget Reconciliation Act of 1990. An NDC is considered rebatable only if all of the following conditions are met:

- The DESI indicator assigned to the NDC is 2, 3, or 4
- The drug has not been terminated as of the date of service: and

- The NDC's labeler has a signed rebate agreement with the Secretary of the Department of Health and Human Services (HHS) in effect on the date of service.

A list of manufacturers that have a current rebate agreement with CMS can be found at <http://medicaidprovider.hhs.mt.gov/pdf/currentlabelers.pdf>.

We have compiled a list of the most used NDCs reported to Montana Medicaid during the last two quarters. This list shows the DESI code of the NDC, the unit of measurement qualifier that should be reported for the NDC, and the termination date if applicable. Note that an NDC unit of measurement qualifier may not be the same as the unit that you report for the HCPCS code. The number of units for the NDC is based on the unit of measure for the NDC and the number of units for the CPT/HCPCS code is based on the description of the CPT/HCPCS code. If you are reporting an NDC that is not on this list, check this larger list at the Noridian website:

When billing electronically, the format requires that pricing be provided for the NDC. Montana Medicaid does not edit on the NDC pricing. The NDC pricing is not required on a paper claim. If you do report the pricing for the NDC on a paper claim, there should be a space between the number of units and the drug cost. The drug name should not be included when reporting an NDC. For more information on billing NDCs, see the provider notice .

Any provider who is billing for a drug obtained through the 340B program must notify provider relations of their 340B status. If you are a 340B provider, you do not need to provide NDC information, but you may bill Montana Medicaid only for the acquisition price of your drug. You have the option to opt out of the 340B program and use non-340B stock for all Medicaid patients.

IF you have any other questions on billing for physician-administered drugs, you may contact Beverly Hertweck at (406) 444-9633 or email her at bhertweck@mt.gov.

Contact Information

For claims questions or additional information, contact Provider Relations:

Provider Relations toll-free in- and out-of-state: 1-800-624-3958

Helena: (406) 442-1837

Visit the Provider Information website: