

January 13, 2011

Dear Healthcare Practitioner and Office Staff:

Presbyterian Health Plan and Presbyterian Insurance Company, Inc. (Presbyterian) are committed to ensuring that our practitioners and providers are kept apprised of changes that affect the way health care is administered.

We would like to share some information with you regarding instructions for all practitioners and hospitals concerning the billing for drug items administered in practitioners' offices, outpatient clinics, and hospitals as well as for drug items obtained under the Federal 340B drug pricing program.

National Drug Code (NDC) Changes:

Beginning in September 2010, all Medicaid practitioners and providers were required to begin supplying the 11-digit NDC when billing for injections and other drug items. As of February 15, 2011, Presbyterian is requesting that ALL practitioners and providers supply this information as part of the claim submission process. We understand that this change will require changes in the way your office conducts business and we will work with you to ensure a smooth transition.

Understanding the National Drug Code (NDC)

The NDC is found on the label of a prescription drug item and must be included on the CMS-1500 or UB04 claim form or in the 837 electronic transactions. The NDC is a universal number that identifies a drug or related drug item. The complete NDC number consists of 11 digits with hyphens separating the number into three segments in a 5-4-2 format such as "12345-1234-12."

However, sometimes the NDC as printed on a drug item omits a leading zero in one of the segments, requiring a leading zero to be entered on the claim form and the hyphens to not be used. Instead of the digits and hyphens being in a 5-4-2 format, the NDC may be indicated in a 4-4-1 as in "1234-1234-1", or in a 5-3-2 format as in "12345-123-12", or less commonly in a 5-4-1 format as in 12345-1234-1."

A leading zero must be added to make the 5-4-2 format. See the following examples:

- NDC 12345-1234-12 is complete – it is reported as 12345123412.
- NDC 1234-1234-12 needs a leading zero in the first segment to be in the 5-4-2 digit format, to become 01234-1234-12 – it is reported as 01234123412.
- NDC 12345-234-12 needs a leading zero in the second segment to be in the 5-4-2 digit format, to become 12345-0234-12 – it is reported as 12345023412.
- NDC 12345-1234-1 needs a leading zero in the third segment to be in the 5-4-2 digit format, to become 12345-1234-01 – it is reported as 12344512301.

Effective February 15, 2011, Presbyterian will deny all claims with a date of service on or after January 1, 2011, that do not indicate a valid NDC for the following HCPCS or CPT codes:

- Codes in the range J0120 - J9999 (various injections and chemotherapy).
- Codes in the range S0012 - S0197 and S4990 - S5014 (various items).
- Codes in the range S5550 - S5571 (insulin injections).
- Codes in the range 90281 – 90399 (immune globulins).

The same requirement applies to providers billing revenue codes on the UB04 claim form. HCPCS or CPT codes are required whenever the provider bills one of the following revenue codes and the claim is an outpatient hospital, emergency room facility, dialysis facility, other outpatient facility which uses the UB04 claim form. When the reported HCPCS or CPT code is one of the above, the NDC code must also be reported for:

- Pharmacy revenue codes 0250, 0251, 0252, and 0254.
- Pharmacy revenue codes 0631, 0632, 0633, 0634, 0635, and 0636.

For complete instructions on where the NDC information is to be supplied for a CMS-1500, a UB04, or 837 transactions, please use the following link: <http://www.hsd.state.nm.us/mad/registers/2010.html>. This information will be found under the header “Supplements” and it is Supplement Number 10-03. Additionally, an NDC procedure manual will be made available on the provider page of www.phs.org in mid-February.

If you have any questions or concerns regarding this process, please contact your Provider Services Coordinator. Your coordinator is available Monday through Friday from 8:00 a.m. to 5:00 p.m. Thank you for your understanding and for partnering with us to improve the health of the patients, members, and communities we serve.

Sincerely,



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