Billing with National Drug Codes (NDCs) Frequently Asked Questions

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NDC Overview

1. What is an NDC?

"NDC" stands for National Drug Code. It is a unique, 3-segment numeric identifier assigned to each medication listed under Section 510 of the U.S. Federal Food, Drug and Cosmetic Act. The first segment of the NDC identifies the labeler (i.e., the company that manufactures or distributes the drug). The second segment identifies the product (i.e., specific strength, dosage form, and formulation of a drug). The third segment identifies the package size and type. For billing purposes, the Centers for Medicare & Medicaid Services (CMS) created an 11-digit NDC derivative, which necessitates padding of the labeler (5 positions), product (4 positions) or package (2 positions) segment of the NDC with a leading zero, thus resulting in a fixed-length, 5-4-2 configuration. (See question 10 for details.)

2. When should NDCs be entered on claims?

DMBA requires the use of NDCs and related information when drugs are billed on professional, ancillary and facility electronic (ANSI 837P), and paper (CMS-1500) claims. Note: DMBA requires inclusion of the NDC along with the applicable Healthcare Common Procedure Coding System (HCPCS) or Current Procedural Terminology (CPT®) code(s) on claim submissions for unlisted or 'Not Otherwise Classified' (NOC) or 'Not Otherwise Specified' (NOS) physician administered and physician supplied drugs.

3. Where do I find the NDC?

The NDC is usually found on the drug label or outer packaging. The number on the packaging may be less than 11 digits. An asterisk may appear as a placeholder for any leading zeros. The label also displays information about the NDC unit of measure for that drug.

4. If the medication comes in a box with multiple vials, should I use the NDC number on the box or the NDC number on the individual vial?

If the medication comes in a box with multiple vials, using the NDC on the box (outer packaging) is recommended.

5. Which NDC units of measure should I submit on DMBA claims to help ensure appropriate reimbursement?

Listed below are the preferred NDC units of measure and their descriptions:

- UN (Unit) Powder for injection (needs to be reconstituted), pellet, kit, patch, tablet, device
- ML (Milliliter) Liquid, solution, or suspension
- **GR** (Gram) Ointments, creams, inhalers, or bulk powder in a jar
- F2 (International Unit) Products described as IU/vial or micrograms

Note: **ME** is also a recognized billing qualifier that may be used to identify milligrams as the NDC unit of measure; however, drug costs are generally created at the **UN** or **ML** level. If a drug product is billed using milligrams, it is recommended that the milligrams be billed in an equivalent decimal format of grams (**GR**). DMBA allows up to three decimals in the NDC Units (quantity or number of units) field.

6. What are the advantages of using NDCs?

Using NDCs on medical claims helps facilitate more accurate payment and better management of drug costs based on what was administered and billed. To save administrative time and effort in reviewing denials and resubmissions, DMBA systematically verifies the 11-digit NDC, and appropriate use of NDC units and HCPCS/CPT units submitted by providers, unless the HCPCS or CPT code is a NOC or NOS code. Also, NDC pricing is normally updated on a monthly basis to reflect changes in drug cost.

Converting HCPCS/CPT Units to NDC Units

7. What information do I need to have ready before converting HCPCS/CPT units to NDC units?

Before you can complete the claim to bill for a drug, you will need to know the following information:

- · Amount of drug to be billed
- HCPCS/CPT code
- HCPCS/CPT code description
- Number of HCPCS/CPT units
- NDC (11-digit billing format)
- NDC description
- NDC unit of measure

Consider the following example for Ciprofloxacin IV 1200 MG (1-day supply):

Amount of drug to be billed:	1200 MG
HCPCS/CPT code:	J0744
HCPCS/CPT code description:	Ciprofloxacin for intravenous infusion, 200 MG
Number of HCPCS/CPT units:	6
NDC (11-digit billing format):	00409-4765-86
NDC description:	Ciprofloxacin IV SOLN 200 MG/20 ML
NDC unit of measure:	ML

8. How do I calculate the NDC units?

Billing the correct number of NDC units for the corresponding HCPCS/CPT codes on your claims is essential. To calculate the NDC units manually, there are several steps you will need to take. Here is a sample manual calculation, using elements from question #7 [Ciprofloxacin IV, NDC 00409-4765- 86, 1200 MG (1-day supply)]:

- The amount of the drug to be billed is 1200 MG, which is equal to 6 HCPCS/CPT units.
- The NDC unit of measure for a liquid, solution, or suspension is ML; therefore, the amount billed must be converted from MG to ML.
- According to the NDC description for NDC 00409-4765-86, there are 200 MG of ciprofloxacin in 20 ML of solution (200 MG/20 ML).
- Take the amount to be billed (1200 MG) divided by the number of MG in the NDC description (200 MG). 1200 ÷ 200 = 6
- Multiply the result (6) by the number of ML in the NDC description (20 ML) to calculate the correct number of NDC units to be billed on the claim (120). EXAMPLE: 6 x 20 ML = 120

Submitting NDCs on Professional/Ancillary/Facility Claims

9. When submitting NDCs on my claim, what other information will I need to include?

When submitting NDCs on professional/ancillary/facility electronic (ANSI 837P or ANSI 837I) or paper (CMS-1500 or UB-04) claims, you must also include the following related information in order for your claim to be accepted and reviewed for possible benefits at the NDC level:

- The applicable HCPCS or CPT code
- Number of HCPCS/CPT units
- NDC qualifier (N4)
- NDC unit of measure (UN, ML, GR, F2)
- Number of NDC units (up to three decimal places)

Note: As a reminder, you also must include your billable charge.

10. How should the NDC be entered on the claim?

You must enter the NDC on your claim in the 11-digit billing format (no spaces, hyphens, or other characters). If the NDC on the package label is less than 11 digits, you must add a leading zero to the appropriate segment to create a 5-4-2 configuration. See the examples below:

Label Configuration	Add leading zero, Remove hyphens
4-4-2 (xxxx-xxxx-xx)	0xxxxxxxxx
5-3-2 (xxxxx-xxx-xx)	xxxxx0xxxxx
5-4-1 (xxxxx-xxxx-x)	xxxxxxxx0x

11. Where do I enter NDC data on electronic claim (ANSI 5010 837P or ANSI 5010 837I) transactions?

Here are general guidelines for including NDC data in an electronic claim:

Field Name	Field Description	Loop ID	Segment	
Product ID Qualifier	Enter N4 in this field	2410	LIN02	
National Drug Code assigned to the drug administered	Enter the 11-digit NDC billing format	2410	LIN03	
National Drug Unit Count	Enter the quantity (number of NDC units)	2410	CTP04	
Unit or Basis for Measurement	Enter the NDC unit of measure for the prescription drug given (UN, ML, GR, or F2)	2410	CTP05	

Note: The total charge amount for each line of service also must be included for the Monetary Amount in Loop ID, Segment SV102 for 839P and Segment SV203 for 837I.

12. Are there any special software requirements to consider when NDCs are included on electronic claims?

If you have converted to ANSI 5010, there should be no additional software requirements. Please verify with your software vendor to confirm that your Practice Management System accepts and transmits the NDC data fields appropriately. If you use a billing service or clearinghouse to submit electronic claims on your behalf, please check with them to ensure that NDC data is not manipulated or dropped inadvertently.

13. Where do I enter NDC data on a paper claim (CMS-1500 or UB-04)?

CMS-1500: In the **shaded portion** of line-item field 24A-24G, enter NDC qualifier **N4** (left-justified), immediately followed by the NDC. Enter one space for separation. Next enter the appropriate qualifier for the correct dispensing NDC unit of measure (UN, ML, GR or F2). Following this, enter the quantity (number of NDC units).

24. A.	DA From	ATE(S) C	OF SERV	/ICE To		B. PLACE OF	C.		S, SERVICES, OR SUPPLIES sual Circumstances)	E. DIAGNOSIS	F.	G. DAYS OR	H. EPSDT Family	I. ID.	J. RENDERING
MM	DD	YY	MM	DD	YY	SERVICE	EMG	CPT/HCPCS	MODIFIER	POINTER	\$ CHARGES	UNITS	Plan	QUAL.	PROVIDER ID. #
N4004	109476	586 ML	.120										N		12345678901
01	01	13	01	01	13	11		J0744		1	17.94	6	N	NPI	123456789

UB-04: In line-item field 43, enter NDC qualifier N4 (left-justified), immediately followed by the NDC. Enter one space for separation. Next enter the appropriate qualifier for the correct dispensing NDC unit of measure (UN, ML, GR or F2). Following this, enter the quantity (number of NDC units).

42. Rev. CD	43. Description	44. HCPCS/Rate	45. Serv Date	46. Serv. Units
636	[60126598741][UN][1111.234]	HCPCS code	07/01/2008	HCPCS unit

14. Can you give a billing example?

HCPCS code J9400 provides a good billing example. A patient receives Ziv-Alfibercept ZALTRAP 400 MG. Zaltrap is available as 200 MG per 8 ML (25 MG per ML) solution, single-use vial, NDC 00024-5841-01.

For this sample scenario:

- The NDC is 00024-5841-01 (the qualifier is N4)
- The unit of measure is ML
- The quantity (number of J-code units administered) is 400
- The quantity (number of NDC units administered) is 16

On the CMS-1500, the data would be entered as follows: N400024584101 ML16

15. How many decimal places are allowed in the NDC units field?

DMBA allows up to three decimals in the NDC units (quantity or number of units) field. The more specific your claim, the more accurate the reimbursement, if any, will be.

16. How do I determine if the NDC is valid for the date of service?

When billing with NDCs on professional/ancillary/facility electronic (837P or 837l) or paper (CMS-1500) claims, it is important to ensure that the NDC used is **valid for the date of service**. This is because NDCs can expire or change. An NDC's inactive status is determined based on a drug's market availability in nationally recognized drug information databases.

Additionally, an NDC is considered to be obsolete two years after its inactive date. It is a good idea to conduct a periodic check of records or automated systems where NDCs may be stored in your office for billing purposes. To help ensure that correct reimbursement is applied, the 11-digit NDC on your claim should correspond to the active NDC on the medication's outer packaging. Inactive products will continue to be reimbursed until they become obsolete.

17. What if I do not include the NDC and/or related data?

If the correct combination of both the HCPCS/CPT code and the NDC data is not submitted, reimbursement will be denied.

For More Information

18. What if I have additional questions?

If there are additional questions, please contact DMBA Member Services at 801-578-5600 in the Salt Lake City area or toll free at 800-777-3622, or visit the Contact Us page on the DMBA website.