

NATIONAL DRUG CODE (NDC) BILLING REQUIREMENTS

Scope

This policy applies to:

- | | | |
|---|---|-----------------------------------|
| <input checked="" type="checkbox"/> Kaiser Permanente Health Plan of Washington | <input checked="" type="checkbox"/> Kaiser Permanente Health Plan of Washington Options, Inc. | |
| <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Medicare | <input type="checkbox"/> Medicaid |

Policy

Original Effective Date: 02/01/2021

When benefits allow, Kaiser Permanente will reimburse drug charges when billed with the valid National Drug Code (NDC) appropriate for the drug administered. National Drug Code (NDC) numbers are 11 digit identifiers for drugs and provide information about the manufacturer, drug name, dosage, strength, and package size of the drug. A valid NDC number, NDC unit of measure (UOM) and NDC units dispensed for the drug administered will be required for reimbursement.

Claims lacking this information may be denied. System edits will be applied to identify if the drug code has been billed correctly, and the claim will be denied if a billing error is found. If a claim line is denied, a corrected claim may be submitted within timely filing guidelines.

Billing/Coding Guidelines

All claims must be billed according to Centers for Medicare & Medicaid Services (CMS) guidelines.

For all billing methods, the HCPCS or CPT code for the drug must also be included.

When billing CMS-1500:

- NDC information must be located in the shaded area of Item Numbers 24A-24G.

Example: N4XXXXXXXXXXXX ML10

Include:

- NDC qualifier (N4),
- 11-digit NDC in a 5-4-2 format. Do not add spaces, hyphens, or other characters. May require addition of "leading 0s" in the appropriate space.
- **Example:**

XXXX-XXXX-XX = 0XXXX-XXXX-XX
 XXXXX-XXX-XX = XXXXX-0XXX-XX
 XXXXX-XXXX-X = XXXXX-XXXX-0X

- Enter one space, then the NDC unit of measure qualifier

Code	Unit of Measure
GR	Gram
ML	Millileter
UN	Unit
F2	Internal Unit
ME	Milligram

- Enter the NDC unit quantity with no space after the UOM qualifier.
 - Quantity amounts are limited to 8 digits before decimal and three digits after.

Billing CMS-1450 (outpatient claims only):

- NDC information must be located in the shaded area of Field 43
- Include:
- NDC qualifier (N4)
 - 11-digit NDC (see CMS-1500 instructions)
 - Enter UOM qualifier after NDC without a space
 - Enter the NDC unit quantity with no space after the UOM qualifier

Electronic Data Interface (EDI) transactions 837P and 837I:

Field Name	Field Description	Loop	Segment
Product ID Qualifier	N4	2410	LIN02
National Drug Code	11-digit NCD	2410	LIN03
NDC Units	Quantity	2410	CTP04
NDC Unit/Meas	Unit of Measure qualifier	2410	CTP05-1

Policy Definitions

Not applicable

Prerequisite(s)

<https://wa-provider.kaiserpermanente.org/static/pdf/provider/billing-claims/drug-waste.pdf>

References

<https://www.aappublications.org/news/2016/04/21/Coding042116>

<https://www.fda.gov/drugs/drug-approvals-and-databases/national-drug-code-directory>

[https://www.ecfr.gov/cgi-bin/text-](https://www.ecfr.gov/cgi-bin/text-idx?SID=b738b7bd33c2490a7195255ab526d508&mc=true&node=pt21.4.207&rgn=div5#se21.4.207_133)

[idx?SID=b738b7bd33c2490a7195255ab526d508&mc=true&node=pt21.4.207&rgn=div5#se21.4.207_133](https://www.ecfr.gov/cgi-bin/text-idx?SID=b738b7bd33c2490a7195255ab526d508&mc=true&node=pt21.4.207&rgn=div5#se21.4.207_133)

Frequently Asked Questions

Q1: Will my drug claim be denied if it is billed with the correct HCPCS/CPT code, but an incorrect NDC code?

A1: Yes, your claim may be denied.

Q2: Where do I find an NDC?

A2: The NDC can be found on the drug label or outer packaging.

Revision History

08/29/2022 – Updated formatting

06/15/2021 – Updated to correct typo

11/03/2020 – New policy effective 02/01/2021

Note: This information is intended to serve only as a general reference resource regarding reimbursement policy for the services described and is not intended to address every aspect of a reimbursement situation. Accordingly, we may use reasonable discretion in interpreting and applying this policy to services being delivered in a particular case. Further, the policy does not cover all issues related to reimbursement for services rendered to our enrollees as legislative mandates, the provider contracts, the enrollee's benefit coverage documents, and the Provider Manual all may supplement or in some cases supersede this policy. This policy may be modified from time to time by publishing a new version of the policy on Kaiser Permanente provider website; however, the information presented in this policy is believed to be accurate and current as of the date of publication.