KAISER PERMANENTE®
PAYMENT POLICY

NATIONAL DRUG CODE (NDC) BILLING REQUIREMENTS

Scope

This policy applies to:

☒ Kaiser Permanente Health Plan of Washington

☒ Kaiser Permanente Health Plan of Washington Options, Inc.

☒ Commercial   ☒ Medicare   ☐ 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: N4XXXXXXXXXXX ML10

    Include:

    o NDC qualifier (N4),
    o 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.
    o **Example:**

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

    o 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

- o 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:
  - o NDC qualifier (N4)
  - o 11-digit NDC (see CMS-1500 instructions)
  - o Enter UOM qualifier after NDC without a space
  - o 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-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 and 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