

REIMBURSEMENT POLICY	
Policy Name:	NDC Codes
Policy Number:	PI-009
Original Effective Date:	06/26/2018
Annual Approval Date:	01/01/2022
Products:	Pennsylvania HealthChoices Medical Assistance

Disclaimer

Highmark Wholecare medical claims payment and prior-authorization policy is a reference resource regarding payment and coverage for the services described. This policy does not constitute medical advice and is not intended to govern and/or otherwise influence medical necessity decisions.

POLICY SCOPE

This policy applies to claims submitted to Highmark Wholecare under the Health Choices Medical Assistance product.

National Drug Codes (NDC)

The National Drug Code (NDC) is a unique, three-segment number that identifies a drug. The three segments identify the labeler, the product, and the commercial package size. The NDC serves as a universal product identifier for drugs.

The Affordable Care Act (ACA) includes language to extend the Medicaid National Drug Rebate Agreement (NDRA), which is a federal rebate to drugs covered by the Medicaid Managed Care Organizations (MCOs). The language requires the State to collect the NDC and NDC units for all outpatient drug claims, regardless if payment is made based on HCPCS code, in order to invoice the manufacturers for the federal rebates.

Consequently, Highmark Wholecare requires the use of NDCs when billing HCPCS (or “J codes”) for drugs. The NDC must correspond to the drug and dosage of the HCPCS billed in order to considered reimbursement.

Converting NDCs from 10-digits to 11-digits

NCDs are displayed on drug packaging in a 10-digit code. Proper billing of an NDC requires an 11-digit number in the 5-4-2 format. For example:

10-Digit Format on Package	10-Digit Format Example	11-Digit Format	11-Digit Format Example
4-4-2	9999-9999-99	5-4-2	<u>0</u> 9999-9999-99
5-3-2	99999-999-99	5-4-2	99999- <u>0</u> 999-99
5-4-1	99999-9999-9	5-4-2	99999-9999- <u>0</u> 9

NDC Resources

Resources for accurate NDC reporting include:

- CMS NDC-HCPCS Cross Walk
- FDA National Drug Code Directory
- Drug packaging
- Pennsylvania DHS Covered Drug Search

As of June 30, 2018, we will be validating the accuracy of the NDC billed versus the HCPCS billed. In order to be considered for reimbursement, all applicable claim lines must list a valid NDC.

SOURCES

CMS, *ASP Drug Pricing Files* <https://www.cms.gov/medicare/medicare-part-b-drug-average-sales-price/2022-asp-drug-pricing-files>

CMS, *Medicare Claims Processing Manual, Chapter 17 – Drugs and Biologicals* <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c17.pdf>

CMS, *MLN Matters, Important Information Concerning the Medicare Crossover Process and State Medicaid Agency Requirements for National Drug Codes (NDCs) Associated with Physician-Administered Part B Drugs, SE1234* <https://www.hhs.gov/guidance/sites/default/files/hhs-guidance-documents/SE1234.pdf>

FDA, *National Drug Code Directory* <https://www.fda.gov/Drugs/InformationOnDrugs/ucm142438.htm>

Federal Register, *Medicaid Program; Announcement of Medicaid Drug Rebate Program National Rebate Agreement*

<https://www.federalregister.gov/documents/2018/03/23/2018-05947/medicaid-program-announcement-of-medicaid-drug-rebate-program-national-rebate-agreement>

Pennsylvania Department of Human Services, *Covered Drug Search*

<https://www.humanservices.state.pa.us/CoveredDrugs/CoveredDrugs/Index>

Policy History

Date	Activity
06/26/2018	Initial effective date
02/01/2021	Policy Sources updated
01/01/2022	Policy source links updated