

**NOTICE OF MATERIAL CHANGE TO CONTRACT**  
**Effective January 1, 2015**



October 1, 2014

**Re: National Drug Code (NDC) Requirement on Outpatient Claims UPDATED – effective January 1, 2015**

Dear Participating Provider:

Anthem Blue Cross and Blue Shield and our subsidiary company, HMO Colorado (Anthem), value the quality and commitment with which you serve your patients and our members. We previously sent out a notification on December 28, 2012 regarding National Drug Code (NDC) Requirements for drugs administered in a physician office or outpatient facility setting for all Anthem members which was to be effective starting April 1, 2013. Since the distribution of that notification we have realized some inconsistencies between our billing instructions and those currently used by Medicaid. This was unintentional on Anthem's part, and we realize this would have created additional administrative burden for our provider network. On February 28, 2013 we sent a notice to "disregard" the original notification from December 28, 2012.

We have now re-evaluated the original billing requirements and have made necessary changes to be more consistent with requirements currently used by Medicaid. To maintain consistent claims billing guidelines throughout Anthem, for dates of service on or after **January 1, 2015**, we will require all providers and facilities to bill the following information for drugs administered in a physician office or outpatient facility setting:

1. The applicable HCPCS code or CPT code
2. Number of HCPCS code or CPT code units
3. 11-digit NDC(s), including the **N4 qualifier**
4. Dosage Unit of Measurement (F2, GR, ML, UN, ME)
5. Number of NDC Units dispensed (must be greater than 0)

*Note: These billing requirements will apply to Local Plan, BlueCard®, and Federal Employee Program® (FEP®) member claims only, and will exclude Coordination of Benefits/Secondary claims.*

To ensure accurate and timely payment, it is important that you provide the above requested information. With a new effective date, now beginning January 1, 2015, Anthem will deny any line items on a claim regarding drugs that do not include the above information. For your assistance, billing instructions are enclosed.

Thank you for your feedback and patience as we have modified these billing requirements. If you should have any further questions, please call your Provider Solutions Contracting Manager.

Sincerely,

A handwritten signature in black ink, appearing to read "Janet Pogar".

Janet Pogar  
RVP, Provider Solutions  
Anthem Blue Cross and Blue Shield

Enclosure

Anthem Blue Cross and Blue Shield

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## NDC Requirements – Billing Instructions

### Summary of the National Drug Code (NDC) Requirements

For any dates of service on or after **January 1, 2015**, all practitioners and providers will be required to supply the 11-digit NDC when billing for injections and other drug items on the CMS1500 and UB04 claim forms as well as on the 837 electronic transactions.

**Note: These billing requirements will apply to Local Plan, BlueCard®, and Federal Employee Program® (FEP) member claims only, and will exclude Coordination of Benefits/ Secondary claims.**

Line items **will deny if** Healthcare Common Procedure Coding System (HCPCS) codes or Current Procedural Terminology (CPT) codes, are billed for physician administered drugs **AND** do not include the following:

- The valid 11-digit NDC, **including the N4 qualifier**
- Unit of measure qualifier (F2, GR, ML, UN, ME)
- NDC Units dispensed (must be greater than 0)

### Unit of Measurement Requirements

The unit of measurement codes are also required to be submitted. The codes to be used for all claim forms are:

- F2 – International unit
- GR – Gram
- ML – Milliliter
- UN – Unit
- ME – Milligram

### Location of the 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 837 electronic transactions. The NDC is a universal number that identifies a drug or related drug item.



NDC Number Section	Description
1 (five digits)	Vendor/distributor identification
2 (four digits)	Generic entity, strength and dosage information
3 (two digits)	Package code indicating the package size

## Correcting Omission of a Leading Zero

You may encounter NDCs with fewer than 11-digits. In order to submit a claim, you will need to convert the NDC to an 11-digit number. Sometimes the NDC is printed on a drug item and a leading zero has been omitted in one of the segments. Instead of the digits and hyphens being in a 5-4-2 format, the NDC might be printed in a 4-4-1 format (example, 1234-1234-1), a 5-3-2 format (example, 12345-123-12), or a 5-4-1 format (example, 12345-1234-1).

- **If this occurs, when entering the NDC on the claim form, it will be required to add a leading zero to the beginning of the segment(s) that is missing the zero.**
- **Do not enter any of the hyphens on claim forms.**

See the examples that follow:

If the NDC appears as...	Then the NDC...	And it is reported as ...
NDC 12345-1234-12 (5-4-2 format)	Is complete	12345123412
NDC 1234-1234-1 (4-4-1 format)	Needs a leading zero placed at the beginning of the first segment and the last segment	01234123401
NDC 12345-123-12 (5-3-2 format)	Needs a leading zero placed at the beginning of the second segment	12345012312
NDC 12345-1234-1 (5-4-1 format)	Needs a leading zero placed at the beginning of the third segment	12345123401

## Process for Multiple NDC numbers for Single HCPCS or CPT codes

- If there is more than one NDC within the HCPCS or CPT codes, you must submit each applicable NDC as a separate claim line. Each drug code submitted must have a corresponding NDC on each claim line.
- If the drug administered is comprised of more than one ingredient (i.e. compound or same drug with different strength, etc.), you must represent each NDC on a claim line using the same drug code.
- Standard HCPCS or CPT code billing accepts the use of modifiers to determine when more than one NDC is billed for a service code. They are:
  - KO – Single drug unit dose formulation
  - KP – First drug of a multiple drug unit dose formulation
  - KQ – Second or subsequent drug of a multiple drug unit dose formulation
  - JW – Drug amount discarded /not administered to the patient

## How/Where to Place the NDC on a Claim Form

### CMS 1500 Claim Form:

- Reporting the NDC requires using the upper **and** lower rows on a claim line. Be certain to line up information accurately so all characters fall within the proper box and row.
- **DO NOT bill more than one NDC per claim line.**

- Even though an NDC is entered, it must be a valid NDC, and a valid HCPCS or CPT code must also be entered in the claim form.
- If the NDC you bill does not have a specific HCPCS or CPT code assigned, please assign the appropriate miscellaneous code per Correct Coding Guidelines.
- The number of NDC units dispensed is very important as the allowed amount for each NDC reflects one unit of measure.

The following table provides elements of a proper NDC entry on a CMS-1500 claim form.

**All Elements are REQUIRED:**

How	Example	Where
Enter a valid NDC code including the N4 qualifier	NDC 00054352763 is entered as N400054352763	Beginning at left edge, enter NDC in the <b>shaded area</b> of box 24A
Enter one of five (5) units of measure qualifiers; <ul style="list-style-type: none"> <li>• F2 – International Unit</li> <li>• GR - Gram</li> <li>• ML - Milliliter</li> <li>• UN - Units</li> <li>• ME - Milligrams</li> </ul> and quantity, <b>including a decimal point for correct reporting</b>	GR0.045 ML1.0 UN1.000	In the <b>shaded area</b> immediately following the 11-digit NDC, enter 3 spaces, followed by one of five (5) units of measure qualifiers, followed immediately by the quantity
Enter a valid HCPCS or CPT code	J0610 "Injection Calcium Gluconate, per 10 ml" is billed as 1 unit for each 10 ml ampul used	<b>Non-shaded area</b> of box 24D

**UB04 Claim Form:**

- **DO NOT bill more than one NDC per claim line.**
- Even though an NDC is entered, it must be a valid NDC, and a valid HCPCS or CPT code must also be entered in the claim form.
- If the NDC you bill does not have a specific HCPCS or CPT code assigned, please assign the appropriate miscellaneous code per Correct Coding Guidelines.
- The number of NDC units dispensed is very important as the allowed amount for each NDC reflects one unit of measure.

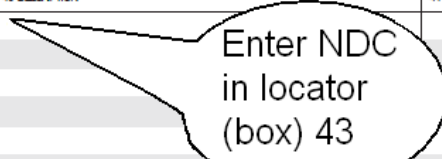
The following table provides elements of a proper NDC entry on a UB04 claim form.

**ALL ELEMENTS ARE REQUIRED:**

How	Example	Where
Enter a valid revenue code	Pharmacy Revenue Code 0252	Form locator (box) 42
Enter 11- digit NDC, including the N4 qualifier	NDC 00054352763 is entered as  N400054352763	Beginning at left edge, enter NDC In locator (box) 43 currently labeled as "Description"
Enter one of five (5) units of measure qualifiers; <ul style="list-style-type: none"> <li>• F2 – International Unit</li> </ul>	GR0.045 ML1.0 UN1.000	Immediately following the 11 digit NDC, enter 3 spaces followed by one of five (5) units of measure qualifiers, followed immediately by the quantity.

How	Example	Where
<ul style="list-style-type: none"> <li>• GR - Gram</li> <li>• ML - Milliliter</li> <li>• UN – Units</li> <li>• ME - Milligrams</li> </ul> and quantity, <b>including a decimal point for correct reporting</b>		
Enter a valid HCPCS or CPT Code	J0610 “injection Calcium, per 10ML” is billed as 1 unit for each 10ML ampul used	Form locator (box 44)

### Sample Images of the UB04 Claim Form

42 RE V. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPS CODE	45 SE RV. DATE	46 SE RV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49	
1						0:00	1	
2						0:00	2	
3						0:00	3	
4								4
5								5

42 REV. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49
1	N4##### GR0.045	J####	MMDDYY	1	##.##	0:00	1

### 837 P And 837 I Reporting Fields

#### Billing or Software Vendor:

You will need to notify your billing or software vendor that the NDC is to be reported in the following fields in the 837 format:

#### Tips for Using NDCs When Submitting Electronic Claims

Loop	Segment	Element Name	Information	Sample
2410	<b>LIN02</b>	Product or Service ID Qualifier	Enter product or NDC qualifier N4	LIN**N4*01234567891~
2410	<b>LIN03</b>	Product or Service ID	Enter the NDC	LIN**N4*01234567891~
2410	<b>CTP04</b>	Quantity	Enter quantity billed	CTP****2*UN~
2410	<b>CTP05-1</b>	Unit of Basis for Measurement Code	Enter the NDC unit of measurement code: F2: International unit GR: Gram ML: Milliliter UN: Unit ME: Milligram	CTP****2*UN~

Loop	Segment	Element Name	Information	Sample
2410	REF01	Reference ID Qualifier (used to report Prescription # <b>or</b> Link Sequence Number when reporting components for a Compound Drug)	VY: Link Sequence Number XZ : Prescription Number	REF01*XZ*123456~
2410	REF02	Reference Identification	Prescription Number <b>or</b> Link Sequence Number	REF01*XZ*123456~