

Affected Programs: BadgerCare Plus, Medicaid, Wisconsin Chronic Disease Program

To: Blood Banks, Dentists, Dispensing Physicians, End-Stage Renal Disease Service Providers, Family Planning Clinics, Federally Qualified Health Centers, Inpatient Hospital Providers, Nurse Midwives, Nurse Practitioners, Outpatient Hospital Providers, Pharmacies, Physician Assistants, Physician Clinics, Physicians, Podiatrists, Rural Health Clinics, HMOs and Other Managed Care Programs

National Drug Codes Required on Claims for Physician-Administered Drugs

With the implementation of ForwardHealth interChange in October 2008, providers will be required to comply with requirements of the federal Deficit Reduction Act of 2005 (DRA) and submit National Drug Codes with Healthcare Common Procedure Coding System and select *Current Procedural Terminology* procedure codes on claims for physician-administered drugs. Providers may refer to future *ForwardHealth Updates* for changes to paper and electronic claims submission instructions.

Information in this *Update* applies to services provided to Wisconsin Medicaid, BadgerCare Plus, and Wisconsin Chronic Disease Program members.

Deficit Reduction Act of 2005

With the implementation of ForwardHealth interChange in October 2008, providers will be required to comply with requirements of the federal Deficit Reduction Act of 2005 (DRA) and submit National Drug Codes (NDCs) with Healthcare Common Procedure Coding System (HCPCS) and select *Current Procedural Terminology* (CPT) procedure codes on claims for physician-administered drugs. Section 1927(a)(7)(B) of the Social Security Act requires NDCs to be indicated on all claims submitted to ForwardHealth, including Medicare crossover claims. Providers may refer to service-specific *ForwardHealth Updates* for changes to paper and electronic claim completion instructions.

ForwardHealth will require that NDCs be indicated on claims for all physician-administered drugs to identify the drugs and invoice a manufacturer for rebates, track utilization, and receive federal funds. States that do not collect NDCs with HCPCS and CPT procedure codes on claims for physician-administered drugs will not receive federal funds for those claims. ForwardHealth cannot claim a rebate or federal funds if the NDC submitted on a claim is incorrect or invalid or if an NDC is not indicated.

If an NDC is not indicated on a claim submitted to ForwardHealth, or if the NDC indicated is invalid, the claim will be denied.

Note: Providers who receive reimbursement under a bundled rate, including hospitals and certain end-stage renal disease providers, are not subject to the DRA requirements.

National Drug Codes

The U.S. Food and Drug Administration (FDA) assigns NDCs for drugs that have received FDA approval. The NDC is an 11-digit, three-segment number for a drug.

The NDC is divided into the following segments:

- The first segment, a five-digit labeler code that identifies any firm that manufactures, repacks, or distributes the drug. (ForwardHealth covers repackaged drugs.)
- The second segment, a four-digit code that identifies the drug's strength, dose, and formulation.
- The third segment, a two-digit code that identifies the package size.

In most cases, if an NDC is 10 digits or less, providers are required to indicate a preceding zero in the segment(s) with less than the required number of digits. If the labeler code begins with a number that is greater than or equal to one, the preceding zero may need to be indicated in the second or third segment. In other cases, providers may need to indicate a zero at the end of a segment.

Providers may use the SeniorCare Drug Search Tool to verify the arrangement of the segments of a specific NDC. The "For More Information" section at the end of this *Update* includes a link to the SeniorCare Drug Search Tool. Providers may also contact Provider Services or refer to the NDC and HCPCS crosswalk Web site referenced in the "For More Information" section.

Drug Rebate Agreements

In accordance with the Omnibus Reconciliation Act of 1990, also known as the Medicaid Drug Rebate Program, drug manufacturers who choose to participate in Wisconsin Medicaid and BadgerCare Plus are required to sign a rebate agreement with the federal government. Drug manufacturers who choose to participate in WCDP are required to sign a rebate agreement with the Department of Health Services (DHS).

A signed national drug rebate agreement is required for payment of a manufacturer's drugs to be made by ForwardHealth. ForwardHealth will deny claims for

physician-administered drugs that do not have a signed manufacturer rebate agreement on file.

A list of manufacturers who have signed drug rebate agreements with BadgerCare Plus and Medicaid is available for providers on the Wisconsin Medicaid Web site at dhs.wisconsin.gov/medicaid/. After implementation of ForwardHealth interChange, providers who submit claims for physician-administered drugs for Wisconsin Medicaid, BadgerCare Plus, and WCDP members may refer to the data tables on the Pharmacy page of the ForwardHealth Portal at www.forwardhealth.wi.gov/ for a list of manufacturers with signed rebate agreements.

Less-Than-Effective Drugs

The Centers for Medicare and Medicaid Services (CMS) has identified drugs that are less-than-effective (LTE) and identical, related, and similar (IRS). ForwardHealth does not reimburse for these drugs. Providers (including WCDP providers) may refer to the data tables on the Pharmacy page of the Portal for a list of LTE and IRS drugs.

ForwardHealth will deny physician-administered drug claims for LTE or identical, related, or similar drugs for ForwardHealth members.

340B Providers

As a reminder, providers who participate in the 340B Drug Pricing Program are required to indicate an NDC on claims for physician-administered drugs. The 340B Drug Pricing Program allows certain federally funded grantees and other health care providers to purchase prescription drugs at significantly reduced prices. When submitting the 340B billed amount, they are also required to indicate the actual acquisition cost plus a reasonable dispensing fee.

Medicare Crossover Claims

To be considered for reimbursement, NDCs and a HCPCS or CPT procedure code must be indicated on

Medicare crossover claims. National Drug Codes must be indicated on claims where Medicare is the primary payer. Medicare claims with an NDC present should automatically cross over to ForwardHealth. ForwardHealth will deny crossover claims, including WCDP crossover claims, if an NDC was not submitted to Medicare.

Billing Deadlines

To receive reimbursement for services that are allowed by Medicare, claims and adjustment requests for coinsurance, copayment, and deductible must be received by Wisconsin Medicaid and BadgerCare Plus within 365 days of the date of service (DOS) or within 90 days of the Medicare processing date, whichever is later. This deadline applies to all claims, corrected claims, and adjustments to claims. Providers should submit these claims through normal processing channels.

To receive reimbursement from WCDP, all claims and adjustments for services rendered must be submitted to WCDP 730 days from the DOS for chronic renal disease members, and within 365 days from the DOS for adult cystic fibrosis and hemophilia home care members.

For More Information

For the current year's NDC and HCPCS crosswalk, providers may refer to the Medicare Part B Drugs Regulations page on the CMS Web site at www.cms.hhs.gov/McrPartBDrugAvgSalesPrice/01a_2008aspfiles.asp#TopOfPage.

For more information about the DRA and claim submission requirements, providers may refer to the following Web sites:

- Centers for Medicare and Medicaid Services Deficit Reduction Act information page — www.cms.hhs.gov/MedicaidGenInfo/08_DRASection.asp.
- National Uniform Billing Committee — www.nubc.org/.

- National Uniform Claim Committee — www.nucc.org/.

For information about NDCs, providers may refer to the following Web sites:

- The FDA Web site at www.fda.gov/cder/ndc/.
- The SeniorCare Drug Search Tool at www.wisconsinmedi.org/SeniorCareDrugInquiry/jsp/home.jsp/. (Providers may verify if an NDC and its segments are valid using this Web site.)
- The Palmetto GBA NDC crosswalk at www.palmettogba.com/palmetto/Other.nsf/f45451e08e6ffeda852569ee00005c6d/85256d430058d01d85256ecf004422d5?OpenDocument. (This Web site contains a crosswalk of J codes and NDCs to HCPCS and select CPT procedure codes.)

The *ForwardHealth Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). Wisconsin Well Woman Program is administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at dhs.wisconsin.gov/forwardhealth/.

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