

Payment Policy

Title	National Drug Code (NDC) Billing Guidelines-Professional Claims		
Number	CP.PP.404.v1.6		
Last Approval Date	01/08/25	Original Effective Date	08/31/16
Replaces			
Cross Reference	<ul style="list-style-type: none"> • <i>Drugs Administered in a Physician Office</i> • <i>Modifier JW – Drug amount discarded/not administered to any patient and Modifier JZ – Zero drug amount discarded/not administered to any patient</i> 		

Coverage of any service is determined by a member's eligibility, benefit limits for the service or services rendered and the application of the Plan's Medical Policy. Final payment is subject to the application of claims adjudication edits common to the industry and the **Plan's professional or facility services claims coding policies**. Reimbursement is restricted to the provider's scope of practice as well as the fee schedule applicable to that provider.

Purpose	In order to provide clarity to the Plan, a National Drug Code (NDC) number is required for any drug, radiopharmaceutical, supply or device which has an assigned NDC number, when administered or supplied by a physician or qualified healthcare professional and which is submitted on a professional claim form (either a CMS-1500 paper claim or ANSI 837P electronic claim) along with an appropriate HCPCS drug procedure code.
Scope	Applies to all Premera Blue Cross, Premera Blue Cross Blue Shield of Alaska, LifeWise Health Plan of Washington, LifeWise Assurance Company, and Premera Blue Cross HMO lines of business and products.
Definitions	<p><u>National Drug Code (NDC)</u> – An 11-digit number in a 5-4-2-digit format that is assigned to each medication approved by the Food and Drug Administration (FDA). The three segments in the number, NNNNN-NNNN-NN, indicate the following:</p> <ul style="list-style-type: none"> • First segment – Identifies the company that manufactures or distributes the drug (assigned by the FDA) • Second segment – Identifies the product, its specific strength, dosage form and formulation of a drug (assigned by the Drug Manufacturer) • Third segment – Identifies the package size and type (assigned by the Drug Manufacturer) <p><u>Compound Drug</u> – An administered drug composed of more than one drug ingredient</p>
Policy	<p>For any provider administered or supplied drug, radiopharmaceutical, supply or device which has an assigned NDC number, that is submitted on an electronic claim (ANSI 837P) or a paper claim (CMS-1500), an active/valid NDC number, an NDC unit/basis of measurement and NDC units are required to be submitted along with an appropriate HCPCS drug procedure code on the same claim line.</p> <p>The appropriate NDC number can be found on the drug label or outer packaging. The number on the package may be less than 11 digits or an asterisk (*) may appear as a placeholder for any leading zeros in the segments of the NDC number. The missing digits or the asterisk are required to be filled in with zero(s) on the submitted claim form in order to complete the 11-digit number.</p>

In addition, the label will also display information about the NDC unit/basis of measurement for the drug. Listed below are the preferred units/basis of measurement to use for the drug and their respective descriptions:

- **UN (Units)** – powder for injection (needs to be reconstituted), pellet, kit, patch, tablet, device
- **ML (Milliliter)** – liquid, solution or suspension
- **GR (Gram)** – ointments, creams, inhalers or bulk powder in a jar
- **F2 (International Units)** – Products described as IU/vial or micrograms

How to Submit an NDC on a Claim Form

Some general guidelines to help with the submission of an NDC number include:

- Submit an NDC number along with the appropriate HCPCS drug procedure code and the number of HCPCS drug procedure code units
- NDC number must follow the 11-digit billing format (5-4-2) with no spaces, hyphens or special characters
- If the NDC number on the package label is less than 11-digits or includes asterisk(s), leading zero(s) must be added to the appropriate segment(s) to create the 5-4-2-digit configuration
- **The NDC number must be active/valid for the date of service submitted**
- The NDC number must include the Product ID Qualifier, the NDC unit/basis of measurement, and the number of NDC units

Electronic Claim Guidelines (ANSI 837P)

Field Name	Field Description	Loop ID	Segment/Element
Product ID Qualifier	Enter N4 in this field	2410	LIN02
National Drug Code number	Enter the 11-digit NDC billing format assigned to the drug administered; No dashes should be in the NDC number	2410	LIN03
National Drug Unit Count	Enter the quantity (number of NDC Units)	2410	CPT04
Unit/basis of measurement	Enter the NDC unit/basis of measurement for the prescription drug given: <ul style="list-style-type: none"> • UN - Unit • ML - Milliliter • GR - Gram • F2 – International Unit 	2410	CPT05

Paper Claim Guidelines (CMS-1500)

The CMS-1500 claim form allows for the submission of one NDC number per HCPCS drug procedure code line submitted. The HCPCS drug procedure code is submitted on

the lower portion (unshaded portion) of the claim line and the NDC number is billed on the upper portion (shaded portion) of the same line (see example below).

Per billing guidelines established by the National Uniform Claim Committee (NUCC), enter the following in the **shaded portion/upper portion** of the line, item field 24A on the CMS-1500:

- qualifier N4 (left justified)
- the NDC number (11 digits, no spaces, including the leading zeros)
- one space for separation
- the appropriate qualifier for the correct dispensing unit/basis of measurement (**UN, ML, GR, or F2**), followed by the quantity (number of NDC units up to seven digits before the decimal and up to three digits after the decimal), as indicated in the example below
- If entering a “whole” number, do not include a decimal point or comma and do not zero fill. Leave the remaining positions blank

NDC CODE:

24. A. DATE(S) OF SERVICE						B.	C.	D. PROCEDURES, SERVICES, OR SUPPLIES					
From To						PLACE OF		(Explain Unusual Circumstances)					
MM	DD	YY	MM	DD	YY	SERVICE	EMG	CPT/HCPCS	MODIFIER				
N459148001665 UN1													
10	01	05	10	01	05	11		J0400					

Billing Compounded Drugs

When billing for a compound drug, **each specific drug** in the compound is required to be billed on a separate line with the appropriate HCPCS drug procedure code, the corresponding product ID qualifier, the NDC number, unit/basis of measurement, and NDC units.

Failure to include an NDC number in the format described above along with the billed HCPCS drug procedure code will result in a denial of reimbursement of the claim.

Administered and Non-Administered Drugs

Reimbursement for discarded/non-administered or wasted drugs applies only to **single-use vials or packages**. Multi-use vials are not reimbursed for discarded or wasted amounts of the drug.

Non-administered/wasted drug amounts from a single use vial must be identified by appending modifier JW- *Drug amount discarded/not administered to any patient* to the HCPCS drug procedure code. If no amount of a single use vial was discarded or wasted, modifier JZ- *Zero drug amount discarded/not administered to any patient* must be appended to the HCPCS drug procedure code.

To submit a claim for wasted drugs, submit two separate claim lines:

	<p>For the administered portion of the drug, the NDC number must be billed on the shaded portion/upper portion of the claim line (Field 24) and the HCPCS drug procedure code billed on the unshaded portion/lower portion of Field 24 as follows:</p> <ul style="list-style-type: none"> • qualifier N4 (left justified) • the NDC number (11 digits, no spaces, including the leading zeroes) • one space for separation, then the appropriate qualifier for the correct dispensing unit/basis of measurement (UN, ML, GR, or F2) • followed by the quantity administered (number of NDC units up to eight digits before the decimal and up to three digits after the decimal) • HCPCS drug procedure code with NO modifier <p>For any unused or wasted portion of the same drug, a second claim line with the NDC number must be billed in the shaded portion/upper portion of the claim line (Field 24) and the HCPCS drug procedure code billed on the unshaded/lower portion of Field 24 as follows:</p> <ul style="list-style-type: none"> • the same qualifier N4 (left justified) • the same NDC number (11 digits, no spaces, include the leading zeroes) • one space for separation, then the same appropriate qualifier for the correct dispensing unit/basis of measurement (UN, ML, GR, or F2) • followed by the quantity wasted (number of NDC units up to eight digits before the decimal and up to three digits after the decimal) • the same HCPCS drug procedure code appended with modifier JW <p>Documentation in the patient's medical records must clearly indicate the number of units administered and the number of units discarded.</p> <p><u>To submit a claim for a totally administered drug with NO wastage, submit a single claim line:</u></p> <ul style="list-style-type: none"> • qualifier N4 (left justified) • the NDC number (11 digits, no spaces, including the leading zeroes) • one space for separation, then the appropriate qualifier for the correct dispensing unit/basis of measurement (UN, ML, GR, or F2) • followed by the quantity administered (number of NDC units up to eight digits before the decimal and up to three digits after the decimal) • HCPCS drug procedure code appended with modifier JZ • Number of HCPCS units administered to the patient <p>Documentation in the patient's medical records must indicate that the total number of units in the single use vial were fully administered with no wastage.</p>
Violations of Policy	<p>Violations of this policy by any party that enters into a written arrangement with the Plan may result in increased auditing and monitoring, performance guarantee contractual penalties and/or termination of the contract. Disciplinary actions will be appropriate to the seriousness of the violation and shall be determined in Plan's sole discretion.</p> <p>Violations of this policy may be grounds for corrective action, up to and including termination of employment.</p>
Exceptions	

Laws, Regulations & Standards	
References	<ul style="list-style-type: none"> • ASC X12 837 Professional Claim Form • National Uniform Claim Committee (NUCC) 1500 Health Insurance Claim Form Reference Manual for form version 02/12, July 2023 • U.S. Food and Drug Administration (FDA) • Medi-span • RJ Health • Drug Manufacturer's Prescribing Information • Micromedex DRUGDEX • Lexicomp and Lexi-Drugs • Elsevier/Gold Standard Clinical Pharmacology • American Hospital Formulary Service Drug Information (AHFS DI) • National Comprehensive Cancer Network (NCCN) Drugs and Biologics Compendium

Policy Owner Review	Payment Integrity Oversight Committee	
Contact	Any questions regarding the contents of this policy or its application should be directed to the Payment Integrity Department.	
Annual Review Dates	01/08/25; 02/05/24; 03/13/23; 05/12/22; 05/27/21; 06/15/20; 07/30/19; 08/09/18; 09/11/17; 07/27/16	
Version History	08/09/18	Clarified that any drug, radiopharmaceutical, supply or device that has an assigned NDC number must be submitted with the NDC number along with appropriate units, basis of measurement and an appropriate HCPCS code
	07/30/19	Annual review; no changes
	06/15/20	Annual review; no changes
	05/27/21	Annual review; no changes
	05/12/22	Annual review; no changes
	03/13/23	In the Policy section, created a new section titled Discarded, Wasted and Non-Administered Drugs and added instructions on how to correctly code for single use vial/package drug wastage by coding the administered and wasted portions of the drugs on the shaded portion of Field 24 on the CMS-1500 claim form, appending modifier JW to the wasted drug HCPCS code.
	02/05/24	<p>The following updates and clarifications were made to the following sections in the Policy statement:</p> <ul style="list-style-type: none"> • Removed ALL references to “ME-Milligrams” • In the subsection “How to Submit an NDC on a Claim Form”, added the third bullet • In the subsection “Paper Claim Guidelines (CMS-1500)”, added the fifth bullet in the second paragraph • Expanded the last subsection in the Policy to include “Administered” drugs and added clarification on how to bill for administered drugs (modifier JZ) and wasted drugs (modifier JW) on the professional claim form

	01/08/25	<ul style="list-style-type: none"> • In the Cross Reference Section, added the policy “Drugs Administered in a Physician Office” • In the Policy section, created a new sub-section titled “Billing Compounded Drugs” and included the paragraphs already in the policy under this sub-section • In the Reference section, included additional references pulled from the policy “Drugs Administered in a Physician Office.”
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