



**News Flash** – The revised *Home Health Prospective Payment System Fact Sheet* (December 2008), which provides information about coverage of home health services and elements of the Home Health Prospective Payment System, is now available in downloadable format from the Centers for Medicare & Medicaid Services (CMS) at <http://www.cms.hhs.gov/MLNProducts/downloads/HomeHlthProspPymfctsh09-508.pdf> on the CMS Medicare Learning Network website.

MLN Matters Number: MM6330

Related Change Request (CR) #: 6330

Related CR Release Date: February 13, 2009

Effective Date: July 1, 2009

Related CR Transmittal #: R446OTN

Implementation Date: July 6, 2009

## Clarification on Use of National Drug Codes (NDCs) in 837 I Billing

### Provider Types Affected

Hospitals, home health agencies, and other providers who bill Medicare contractors (fiscal intermediaries (FI), regional home health intermediaries (RHHI), or Medicare Administrative Contractors (MAC)) for drugs, especially new drugs provided under the Outpatient Prospective Payment System (OPPS).

### What You Need to Know

CR 6330, from which this article is taken, specifies how quantities of drugs are to be reported and then processed by Medicare when the NDC is used for institutional billing. Specifically, it also requires Medicare contractors to accept decimal values for NDC quantities. CR6330 also adds to prior instructions regarding the reporting of drugs that have not yet been approved by the Food and Drug Administration (FDA). Be sure your billing staff is aware of these changes.

### Background

As provided by Change Request (CR) 3287 issued May 28, 2004 (*MMA-Hospital Outpatient Billing and Payment under Outpatient Prospective Payment System for New Drugs or Biologicals After FDA Approval but Before Assignment of a Product-Specific Drug/Biological HCPCS Code*); Medicare hospitals, subject to the

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Outpatient Prospective Payment System (OPPS), may use Healthcare Common Procedure Coding System (HCPCS) code C9399 to report drugs that have been approved by the FDA, but that do not yet have a product-specific drug/biological HCPCS code.

CR 6330, from which this article is taken, builds on those instructions and adds some additional requirements for providers. Effective July 1, 2009, hospitals billing for drugs/biologicals that have received FDA approval but which have not yet received product-specific drug/biological HCPCS codes will not only specify the NDC of the drug/biological, but will also specify the quantity of that drug/biological using the CTP segment in the ANSI X-12 837 I (in Loop 2410 LIN 03).

In addition, CR 6330 provides that the use of the Units Field, while adequate to define quantities when HCPCS codes are used to describe drugs and biologicals, is not adequate to describe the quantities of a drug or biological identified only by an NDC. Thus, CR 6330 requires Medicare contractors to accept decimals to specify the quantity in this new quantity field, and requires Medicare's systems to retain this information in the repository and forward it to a subsequent payer (although the decimals may be rounded to whole numbers for actual claims processing).

## Additional Information

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For further information, see the instruction issued to your FI, RHHI, or MAC regarding this issue, which can be found by going to <http://www.cms.hhs.gov/Transmittals/downloads/R446OTN.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.

You might also want to review the MLN Matters article related to CR 3287, which you can find at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3287.pdf> on the CMS website.

If you have any questions, please contact your FI, RHHI, or MAC at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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