National Drug Code (NDC):
How to submit your pharmacy claims using the NDC codes. (IHS/638 Providers only)

May 10, 2018
NDC Definition

The National Drug Code (NDC) is the number which identifies a drug. The NDC number consists of 11 digits, broken into 3 sections in a 5-4-2 format.

• The first 5 digits identify the labeler code representing the manufacturer of the drug and are assigned by the Food and Drug Administration (FDA).

• The next 4 digits identify the specific drug product and are assigned by the manufacturer.

• The last 2 digits define the product package size and are also assigned by the manufacturer.
IHS and Tribally operated 638 facilities must submit the NDC information on any outpatient pharmacy claims to receive the All Inclusive Rate (AIR).

All pharmacy claims must be submitted on a UB-04 Claim form with Revenue Code 0519 and the National Drug Code (NDC).

→ The AIR must be billed on the 1st Line with revenue code 0519 and 1 unit.

→ Subsequent lines with NDCs can be billed with $0.00 and 1 unit to avoid inflating the total AIR for the outpatient pharmacy claim.
Where can the NDC code be found?

The NDC code is found on the drug container, i.e. vial, bottle, tube. The NDC code used during billing must be the actual NDC code numbers on the package or container from which the medication was administered.

Claims may not be submitted for one manufacturer when a different manufacturer’s product was administered. It is considered a fraudulent billing practice to bill using an NDC other than the one assigned to the drug administered.

AHCCCS Pharmacy Information can be found at the following link: https://www.azahcccs.gov/PlansProviders/Pharmacy/
NDC Units of Measure Qualifier

NDC units are based on the numeric quantity *administered* to the patient and the unit of measurement. The Units of Measurement Qualifier codes are as follows:

NDC Unit of Measure Qualifiers:
- **F2** = International Unit
- **GR** = Gram usually
- **ML** = Milliliter
- **UN** = Unit (each)

The NDC quantity given, administered amount, with up to three decimal places (i.e., 1234.456). Any unused spaces are left blank.
NDC Billing Format

There will be times when the NDC code will be less than 11 digits. In this case, add a leading zero (0) to the beginning section of the missing digit when billing using the NDC code.

<table>
<thead>
<tr>
<th>&lt; 11 digits</th>
<th>Labeler code</th>
<th>Drug Product</th>
<th>Product Package</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example 1</td>
<td>2345-1234-12</td>
<td>02345</td>
<td>1234</td>
</tr>
<tr>
<td>Example 2</td>
<td>12345-234-12</td>
<td>12345</td>
<td>0234</td>
</tr>
<tr>
<td>Example 3</td>
<td>12345-1234-2</td>
<td>12345</td>
<td>1234</td>
</tr>
</tbody>
</table>
NDC
AHCCCS Online Claims Submission
Institutional (UB’s) Instructions

| **Service Dates:** 01/01/2018 - 01/01/2018 |
| **Revenue Code:** 0519 |
| **National Drug Code (5-4-2 Format):** 00002762301 |
| **NDC Quantity/Measurement:** 0.2 |
| **Line Item Charge Amount:** $427.00 |
| **Service Unit Count:** 1 |

Enter the 11 digit NDC code without dashes/spaces

Enter the NDC Quantity here

Click on the down arrow and select the NDC unit of measure

Enter the All-Inclusive Rate (AIR) here

Enter the revenue code 0519 here

Enter unit here

**Either Revenue Code or HCPCS Code required for the service line.**
Common Pharmacy Billing Errors

An invalid and or non-covered NDC code on the first line will cause the entire claim to deny.

Invalid NDC codes: If the NDC code on each line does not follow the standard NDC format (i.e. typo) the entire claim will deny even if the first line contains a valid/covered NDC code.

**Exception:** Anticoagulants do not have NDC codes. They must be billed using a valid corresponding diagnosis code for the drug.

Claims for Title XXI (KidsCare) recipients:
Must be submitted to OptumRx as described in Chapter 10 of the IHS/Tribal Provider Billing Manual.
### Example 1

<table>
<thead>
<tr>
<th>LN</th>
<th>Rev Code</th>
<th>NDC Code</th>
<th>Measurement</th>
<th>Quantity</th>
<th>Service Unit Count</th>
<th>Charges</th>
<th>Service Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>L1</td>
<td>0519</td>
<td>00074455219</td>
<td>UN</td>
<td>30</td>
<td>1</td>
<td>427.00</td>
<td>02/01/18</td>
</tr>
<tr>
<td>L2</td>
<td>0519</td>
<td>00063053551</td>
<td>UN</td>
<td>30</td>
<td>1</td>
<td>0.00</td>
<td>02/01/18</td>
</tr>
</tbody>
</table>

- Line 1 billed with a valid AHCCCS covered NDC code and the AIR
- Line 2 billed with a valid AHCCCS covered NDC code

**Conclusion:** Claim will pay the AIR on line 1.
Example 2

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- Line 1 billed with a valid AHCCCS covered NDC code and the AIR
- Line 2 billed with a non-covered NDC code.

**Conclusion:** Claim will pay the AIR on line 1.
**Example 3**

<table>
<thead>
<tr>
<th>LN</th>
<th>Rev Code</th>
<th>NDC Code</th>
<th>Measurement</th>
<th>Quantity</th>
<th>Service Unit Count</th>
<th>Charges</th>
<th>Service Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>L1</td>
<td>0519</td>
<td>00603053550</td>
<td>UN</td>
<td>30</td>
<td>1</td>
<td>0.00</td>
<td>02/01/18</td>
</tr>
<tr>
<td>L2</td>
<td>0519</td>
<td>00074455219</td>
<td>UN</td>
<td>30</td>
<td>1</td>
<td>427.00</td>
<td>02/01/18</td>
</tr>
</tbody>
</table>

- Line 1 billed with an invalid or a non-covered NDC code
- Line 2 billed with a valid AHCCCS covered NDC code and the AIR

**Conclusion:** The entire claim will deny.
Paper Claims

For **paper** claims providers must enter the qualifier “N4” followed by a valid 11-digit. NDC (no dashes or spaces) when billing a medication, vaccine and for the limited diabetic supplies billable followed by the NDC Units of Measure Qualifier, and the NDC Quantity.

**Example:**

<table>
<thead>
<tr>
<th>42. REV. CD.</th>
<th>43. DESCRIPTION</th>
<th>44. HCPCS/RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0519</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>N400074115278 ML10</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** HCPCS/Rates are not required for NDC lines on outpatient pharmacy clinic claims.
Questions?

Please feel free to contact us at:

ProviderTrainingFFS@azahcccs.gov
Thank You.

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