



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

May 10, 2018



# NDC Definition

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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.

# Effective July 1, 2016

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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 1<sup>st</sup> 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?

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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.

	< 11 digits	Labeler code	Drug Product	Product Package
Example 1	2345-1234-12	02345	1234	12
Example 2	12345-234-12	12345	0234	12
Example 3	12345-1234-2	12345	1234	02

# NDC AHCCCS Online Claims Submission Institutional (UB's) Instructions

## Institutional Claim Submission

The screenshot shows the 'Service Line' section of the AHCCCS Online Claims Submission form. The form is divided into several tabs: Submitter, Providers, Patient/Subscriber, Other Payer, Codes/Values, Attachments, Claim Information, and Service Lines. The 'Service Lines' tab is active, showing a form for entering claim details. The form includes fields for Service Dates, Revenue Code, HCPCS, National Drug Code (5-4-2 Format), NDC Quantity/Measurement, Procedure Modifiers, Provider Control Number, Prescription Number/Reference ID, Service Unit Count, Line Item Charge Amount, Non-Covered Charge Amount, Medicare Deductible/Quantity, Medicare Copayment/Quantity, Medicare Coinsurance/Quantity, and Date Claim Paid. Annotations with colored boxes and lines point to specific fields: a green box points to the Revenue Code field (0519) with the text 'Enter the revenue code 0519 here'; a blue box points to the National Drug Code field (00002762301) with the text 'Enter the 11 digit NDC code without dashes/spaces'; a red box points to the NDC Quantity/Measurement field (0.2) with the text 'Enter the NDC Quantity here'; a black box points to the NDC Unit dropdown menu (UN - Unit) with the text 'Click on the down arrow and select the NDC unit of measure'; a red box points to the Service Unit Count field (1) with the text 'Enter unit here'; and a green box points to the Line Item Charge Amount field (\$ 427.00) with the text 'Enter the All-Inclusive Rate (AIR) here'. A note at the bottom right states '\*\* Either Revenue Code or HCPCS Code required for the service line.' The background features a decorative pattern of yellow and orange circles.

# 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

LN	Rev Code	NDC Code	Measurement	Quantity	Service Unit Count	Charges	Service Dates
L1	0519	00074455219	UN	30	1	427.00	02/01/18
L2	0519	00063053551	UN	30	1	0.00	02/01/18

- 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

LN	Rev Code	NDC Code	Measurement	Quantity	Service Unit Count	Charges	Service Dates
L1	0519	00074455219	UN	30	1	427.00	02/01/18
L2	0519	00603053550	UN	30	1	0.00	02/01/18

- 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

LN	Rev Code	NDC Code	Measurement	Quantity	Service Unit Count	Charges	Service Dates
L1	0519	00603053550	UN	30	1	0.00	02/01/18
L2	0519	00074455219	UN	30	1	427.00	02/01/18

- 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:

	42. REV. CD.	43. DESCRIPTION	44. HCPCS/RATES
1	0519	N400074115278 ML10	
2			
3			

**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](mailto:ProviderTrainingFFS@azahcccs.gov)



# Thank You.

