Clover

Clover Health National Drug Code (NDC) Requirement Reimbursement Policy

Policy # RP-066

Policy Title	National Drug Code (NDC) Requirement Reimbursement Policy
Policy Department	Payment Strategy & Optimization
Effective Date	10/1/2022
Revision Date(s)	
Next Review Date	

Disclaimer:

Clover Health applies The Center for Medicare and Medicaid Services (CMS) criteria and guidelines, National Coverage Determinations (NCD), Local Coverage Determinations (LCD), Clover Policies, and MCG for determining medical necessity. Clover Policies are intended to provide a standard guideline but are not used to preempt providers' judgment in rendering services. Providers are expected to provide care based on best practices and use their medical judgment for appropriate care.

Description:

This policy explains the National Drug Code requirements that are needed when billing professional and facility drug claims for reimbursement. The National Drug Code (NDC) is made up of numbers that are the industry standard identifier for drugs and provides a full description of the medication administered. The NDC number identifies the manufacturer, drug name, dosage, strength, package size and quantity. A valid NDC number, NDC unit of measure, and NDC units dispensed for the drug administered will be required for reimbursement of professional drug claims submitted on a 1500 Health Insurance Claim Form (a/k/a CMS-1500) or the 837 professional transaction. When submitting a UB-04 claim form or the 837/Facility, A valid NDC number, NDC unit of measure and NDC units dispensed for unlisted drugs administered will be required for reimbursement of drug claims

Definitions:

- National Drug Code (NDC)
  - Is a unique 10-digit or 11-digit, 3 segment number and a universal product identifier for human drugs in the United States.

Policy:

For billing purposes, the Centers for Medicare & Medicaid Services (CMS) created an 11-digit NDC derivative, which necessitates padding of the labeler (5 positions), product (4 positions) or package (2 positions) segment of the NDC with a leading zero, thus resulting in a **fixed-length, 5-4-2 configuration**.

Sometimes the NDC on the label does not include the 11 digits, it will be necessary to add a leading zero to the appropriate section to create a 5-4-2 configuration (i.e. XXXXX-XXXX-XX). A valid NDC without spaces or hyphens should be placed on the medical claim. The NDC submitted must be the actual valid NDC number on the container from which the medication was administered.
XXXX-XXXX-XX = **0**XXXX-XXXX-XX
XXXXX-XXX-XX = XXXXX-**0**XXX-XX
XXXXX-XXXX-X = XXXXX-XXXX-**0**X

The NDC is usually found on the drug label or medication's outer packaging. If the medication comes in a box with multiple vials, using the NDC on the box (outer packaging) is recommended.

The container label also displays information for the unit of measure for that drug. Listed below are the preferred NDC units of measure with examples:

- UN (Unit) – Powder-filled vials 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 Unit) – Products described as IU/vial, or micrograms

Units submitted for a drug should not exceed the package maximum units available based on the NDC number or in increments associated with the drug package. Maximum units will be applied for specific drugs where a specific and standard number of units should be submitted per the NDC of the package. When units submitted exceed the maximum units allowed per package or when units submitted are not in increments of the package, the units over the maximum unit will be denied.

References
Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services
US Food and Drug Administration (FDA) National Drug Code Directory
United States Federal Food, Drug and Cosmetic Act