



TO: Physicians, Podiatrists, Advanced Practice Nurses, Clinical Nurse Midwives, and Clinics - **For Action**
Health Maintenance Organizations – **For Information Only**

SUBJECT: **New Payment Procedures for Physician-Administered Prescription Drugs**

EFFECTIVE: Claims with dates of service on or after June 8, 2009

PURPOSE: To notify providers of a change in NJ FamilyCare (NJFC)/Work First New Jersey (WFNJ)/Medicaid/General Assistance (GA) reimbursement for physician-administered prescription drugs.

BACKGROUND: The NJFC/Medicaid Newsletter Volume 17, No. 13, dated June 2007, announced revised requirements for providers to request reimbursement for physician-administered prescription drugs. Providers were required to report the 11-digit NDC, quantity of the drug administered or dispensed, and most importantly, a 2-digit qualifier identifying the Unit of Measure (**UOM**).

Reimbursement for physician-administered prescription drugs has been made more difficult due to inconsistencies between the UOM for J or Q procedure codes and the UOM for the actual drug product administered or dispensed. These new payment procedures should minimize these inconsistencies.

In addition to reimbursement concerns, the Centers for Medicare and Medicaid Services (CMS) requires that State Medicaid programs collect drug rebates from manufacturers of physician-administered drugs. These new payment procedures will also ensure that NJFC/Medicaid can properly bill drug manufacturers for drug products utilized by NJFC/Medicaid clients.

ACTION: Effective for claims with dates of service on or after June 8, 2009, all claims for physician-administered prescription drugs shall be priced using the State's Master Drug File.

1. What is the State's Master Drug File?

The State receives weekly updates to a drug file used to process pharmacy claims. This information is supplied by the First Data Bank Corporation of California and includes pricing updates, as well as the addition of new prescription drug records.

Information contained within this file will be used by the State to price physician-administered prescription drugs.

2. What physician-administered drugs are covered by the NJFC/Medicaid/WFNJ prescription drug programs?

The Division has established an interactive website to provide physicians important billing information. The website may be found at www.njmmis.com; **click on “Physician Administered Drugs (UOM) on left side of the webpage**. By entering the NDC for the drug being administered, physicians can obtain information regarding drug coverage and the correct UOM to report on the claim. A representation of the website is attached for your review.

The proper reporting of UOM is essential to ensuring proper reimbursement for physician-administered drug claims. It is important to note differences between the UOM described by a procedure code and the UOM used by the drug file to calculate reimbursement.

3. What are the ranges of procedure codes that represent physician-administered prescription drugs?

These procedure codes include, but may not be limited to the following:

- J0120 thru J9999
- Q0144 thru Q0181
- Q4079 thru Q4081
- Q9945 thru Q9999
- Q3025, Q3026, Q2009 and Q2017

4. What impact will this change in payment procedures have on my reimbursement?

Reimbursement for physician-administered prescription drugs shall not exceed the lower of drug costs paid to pharmacies, as determined annually by the State’s budget; or the Federal Fund Participation Upper Limit (FFPUL), as supplied by First Data Bank.

5. What is a FFPUL price?

For certain multi-source drugs, the Centers for Medicare and Medicaid Services (CMS) assigns a maximum allowable cost (MAC) price which is the maximum payment amount allowed under State regulations.

6. What was the revised billing procedures announced in June 2007?

Providers are encouraged to review Newsletter Volume 17, No. 13 for specific details regarding the billing of physician-administered prescription drugs. Providers can access the Newsletter at www.njmmis.com. Click on “Newsletters and Alerts” and enter the volume number of the newsletter.

7. What information must be reported on physician-administered drug claims?

Newsletter Volume 17, No. 13 provides detailed information regarding billing procedures. The following information is essential to ensure proper reimbursement for these claims:

- In Field 24A, enter the qualifier value “**N4**” immediately proceeding the **11-digit NDC number**.
- **Three “open” spaces** must then follow the 11-digit NDC number.
- Following these spaces, a **two-position qualifier** identifying the UOM must be reported.
- Immediately following the two-digit qualifier, the **quantity of the drug administered/dispensed** must be reported.

8. What are the “two-position” qualifiers for the UOM?

The UOM is an identifier used to describe how a drug product is measured for purposes of reimbursement. For example, certain drugs that are solid dosage forms are reimbursed based on single units, such as a tablet, capsule or powder-filled vials. Reimbursement for liquids or pre-filled syringes is typically based on the smallest unit or “milliliter”. Other products, such as creams, ointments, powder-filled packets, are measured in grams.

The **two-position qualifiers for UOM** are:

- **F2 - International Measure**
- **GR - Gram**
- **ML - Milliliter**
- **UN - Unit (used for solid-dosage forms, such as tablet or capsule)**

9. Can you provide examples of how to report this billing information?

- **Example 1:** NDC 12345123412 is being billed for 1.5 milliliters. **Report N412345123412(3 spaces)ML1.5**
- **Example 2:** NDC 454321432121 is billed for 30 tablets. **Report N454321432121(3 spaces)UN30**

10. Is there available a listing of UOM values for NDCs reported for physician-administered prescription drugs?

See www.njmmis.com, Physician Administered Drugs (UOM); the website provides the correct UOM to be reported for each covered NDC.

11. Do these new billing procedures apply to all NJFC/Medicaid claims for physician-administered prescription drugs?

These billing procedures do not apply to “crossover” claims submitted on behalf of dual-eligibles, those clients eligible for both Medicare and Medicaid coverage. Providers should be aware that if they report NDC information to Medicare on a

crossover claim, this information is not transmitted to the State for adjudication purposes.

12. Do providers use these new billing procedures for all 'J' and 'Q' procedure codes?

No. When providers report procedures J3490, J3590 or J9999 for drugs that have not been assigned a 'J' or 'Q' procedure code, providers must submit to Unisys an original hard-copy claim form and report the same NDC information, including NDC, Quantity and UOM.

13. What Error Codes may post to my claims for physician-administered prescription drugs?

- **Error Code 0544: Drug Not Payable Federal DESI**
If Error Code 0544 denies a claim, the billed drug product is a DESI drug. DESI drugs have been determined "less than effective" by the Food and Drug Administration and are not covered by the NJFC/Medicaid program.
- **Error Code 0607: Low Variance Error**
If Error Code 0607 denies a claim, the charge amount reported on the claim is significantly less than the Medicaid allowed amount.
- **Error Code 1214: Invalid NDC or NDC Not On File**
If Error Code 1214 denies a claim, the NDC reported is not a valid NDC.
- **Error Code 1215: Procedure/NDC Invalid or Not On File**
If Error Code 1215 denies a claim, the NDC reported for a procedure code is incorrect.
- **Error Code 1216: Not Covered – Rebate Invalid**
If Error Code 1216 denies a claim, the drug product is not covered by the NJFC/Medicaid/WFNJ programs because its manufacturer has not entered into a drug rebate agreement with the State of New Jersey.
- **Error Code 1317: Invalid/Missing Metric Quantity**
If Error Code 1317 denies a claim, the metric quantity for the physician-administered drug was incorrect or not reported on the claim.
- **Error Code 1321: Claim UOM is Invalid Or Not Equal to the UOM For the NDC Reported**
If Error Code 1321 denies a claim, the UOM reported on the claim is inappropriate for the NDC reported on the claim.

If you have any questions concerning this Newsletter, please contact Unisys Provider Services at 1-800-776-6334.

RETAIN THIS NEWSLETTER FOR FUTURE REFERENCE



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NDC Lookup

Enter the NDC to lookup in the textbox below.

NDC



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 - Provider Registration
- Information
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NDC Obsolete

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NDC

40337001770

Submit Request

Drug Not Rebateable

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 - Provider Registration
- Information
 - Approved Vendor List
 - Billing Supplements / Training Packets
 - Current Newsletter
 - Edit Codes
 - FAQ
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NDC Lookup

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NDC

Drug Name: DEPO-PROVERA 150 MG/ML SYRN

Brand Name: DEPO-PROVERA

Generic Product Name: MEDROXYPROGESTERONE ACET

Route Description: INTRAMUSC

Unit of Measure (Form Code): ML

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