



State of New Jersey  
Department of Human Services  
Division of Medical Assistance & Health Services

# NEWSLETTER

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**TO:** All Providers - **For Action**  
Health Maintenance Organizations – **For Information Only**

**SUBJECT:** **New Auditing Procedures**

**EFFECTIVE:** Immediately

**PURPOSE:** To notify providers of audits to be performed by the Division of Medical Assistance and Health Services (DMAHS) to verify metric quantities and National Drug Codes (NDCs) reported on claims for practitioner-administered drugs.

**BACKGROUND:** Newsletter Volume 19, No. 18, dated May 2009, announced new payment procedures for practitioner-administered drugs. These procedures required that a National Drug Code (NDC) be reported for drugs billed under HCPCS procedure codes J0120 through J9999; Q0138, Q0139, Q2009, Q3025, Q3026, Q4081; and Q9953 thru Q9999. Practitioners were also required to report metric drug quantities and metric Units of Measure (UOM) consistent with that of pharmacy claims.

**DMAHS has identified overpayments caused by practitioners misreporting drug quantities on professional claims. In addition, DMAHS has concerns regarding the validity of reported NDC numbers identifying drug manufacturers responsible for providing drug rebates to the State of New Jersey.**

**ACTION:** **Effective Immediately**, practitioners are being advised of their responsibilities to accurately report metric quantities and NDC numbers on professional claims for practitioner-administered drugs.

Participating practitioners shall permit properly identified auditors representing the Division of Medical Assistance and Health Services to conduct on-site audits. Information pertaining to the patient's name, address, and prescriber will remain confidential within the limits of the Health Insurance Portability and Accountability Act (HIPAA). The Division anticipates the following shall be audited but not limited to:

1. Inspect patient medical records;
2. Inspect private sector records, where deemed necessary to determine a practitioner's usual and customary charge to the general public; Information pertaining to the patient's name, address, and prescriber will remain confidential within the limits of the law.

3. Items to be reviewed include, but may not be limited to the following:

- ✓ drug name;
- ✓ HCPCS procedure code;
- ✓ service dates;
- ✓ 11-digit National Drug Code;
- ✓ other insurance payments;
- ✓ metric quantity administered;
- ✓ metric UOM
- ✓ usual and customary charge;
- ✓ recipient first/last name;
- ✓ recipient weight and height; and
- ✓ recipient identification number.

In addition, to verify the accuracy of NDC numbers reported on paid claims, DMAHS shall conduct desk audits of drug acquisition records. Twenty (20) paid claims will be randomly selected by DMAHS and practitioners shall provide drug acquisition information for the NDC number reported on a date of service. Claims selected by DMAHS shall be limited to those paid during the most recent six (6) month period. In those situations in which the NDC number cannot be verified, the claim payment will be recouped by the State of New Jersey.

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

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