



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

Med-QUEST Division  
Health Analytics Office  
P.O. Box 700190  
Kapolei, Hawaii 96709-0190

June 16, 2022

MEMORANDUM

MEMO NO.

QI-2205

CCS-2204

[Supersedes ADM-1015, ADMX-1018]

TO: QUEST INTEGRATION (QI) Health Plans  
Community Care Services

FROM: Judy Mohr Peterson, PhD   
Med-QUEST Division Administrator

SUBJECT: REQUIREMENTS FOR HEALTH PLANS TO SUBMIT NDC CODE AND NCPDP UNITS ON ENCOUNTERS

The purpose of this memorandum is to inform the Health Plans of the federal requirement to submit NDC codes and NCPDP units administered on a subset of encounters. This memo supersedes ADM-1015/ADMX-1018. This requirement is effective for encounters with dates of service on or after December 1, 2022.

**Reporting Requirement**

The National Medicaid Drug Rebate Program requires that State Medicaid Agencies only pay for outpatient prescription drugs made by drug manufacturers who have signed rebate agreements with CMS (Centers for Medicare and Medicaid Services). This requirement originally applied to outpatient drugs provided to Medicaid recipients in the Medicaid fee-for-service (FFS) program. Although Medicaid managed care organizations (MCOs) are not required to deny coverage of drugs made by drug manufacturers who do not have signed rebate agreements with CMS, the Affordable Care Act of 2010 expanded the drug rebate collection requirement to include outpatient drugs provided by Medicaid MCOs.

Thus, Hawaii Medicaid is required to collect drug utilization data from its plans, to invoice drug manufacturers, and to collect drug rebates for both drugs provided to FFS recipients and members of its plans where Medicaid is the primary payer.

To accurately report drug utilization for drugs dispensed to Medicaid members, the data that plans submit to Hawaii Medicaid must include eleven (11) digit NDC (National Drug Code) numbers and NCPDP (National Council for Prescription Drug Programs) units (milliliters, grams, or each) for each drug. The QI plans rely on their providers who dispense and/or administer outpatient drugs to provide this information. This information is required for all drugs dispensed to members, regardless of the provider's 340B status.

- Plans are required to submit NDC numbers and NCPDP units on encounters for the following claim types for members whose only health insurer is Medicaid: All CMS 1500 claims for outpatient drugs submitted by dispensing and/or administering physicians and advanced practice registered nurses with prescriptive rights (APRNRxs)
- All outpatient UB04 claims submitted by hospitals for outpatient drugs not included in bundled payments such as ASC (ambulatory surgical center) payment
- All claims submitted by pharmacies not billing through point-of-sale (POS) systems

Additionally, NDC numbers and NCPDP units must be provided on all outpatient drug claims for members whose primary insurer (Medicare, TriCare, commercial, or private insurers) denies payment when the drug is covered and payable by Medicaid.

NDC numbers and NCPDP units are not required on the following claims for members whose primary payers are Medicare, TriCare, commercial, or private insurers.

- CMS 1500 claims for payment of coinsurance/copayment and deductibles
- Outpatient UB04 claims with drug line items
- Claims submitted by pharmacies for coinsurance/copayment and deductibles

Beginning December 1, 2022, all CMS 1500 and Outpatient UB04 encounters listing HCPCS procedure codes for physician-administered drugs in an outpatient clinical setting must include a valid 11-digit NDC code and NCPDP unit. On encounters this will appear as a combination of the following:

- NDC qualifier (N4)
- Valid 11-digit NDC code
- [space]

- NDC unit of measure
- NDC quantity administered

Example: N400074115278 ML10

The HCPCS quantity must continue to be listed on encounters as well.

**Editing for correct or missing NDC coding**

The HPMMIS reference table RF326 contains the HCPCS codes that require NDC reporting of an outpatient-administered drug. This reference table is shared with the health plans as a text file on the sftp in ShareINFO/OTHER. All HCPCS codes listed on RF326 require NDC reporting unless:

- 1) The code falls into the alpha ranges 'A', 'B', 'E', 'K', 'L', 'T', or 'V'; codes in these alpha ranges are bypassed.
- 2) HCPCS code is specifically excluded in HPMMIS table RF724. See Appendix A for an extract of RF724; an updated extract will be provided to health plans on a quarterly basis. Med-QUEST will provide guidance to the health plans on the layout of RF724.

The edit S382 ('NDC REQUIRED BUT NOT SUBMITTED OR IS INVALID') will fire if an encounter requiring NDC reporting is missing NDC information or contains invalid NDC information.

If a health plan identifies an eligible encounter listing an NDC code triggered S382 incorrectly, they should email [mqd-encounters@dhs.hawaii.gov](mailto:mqd-encounters@dhs.hawaii.gov) with information on the encounter CRN and NDC code for review.

Please contact Gary Peton, [Gary.Peton@conduent.com](mailto:Gary.Peton@conduent.com), with any questions on these coding requirements.

Appendix A

Status	Svc Type	Svc Type Description	Entity Type	Entity Ind	Svc From	Svc Thru	From Date	Thru Date
A	H	Procedure Code	NDC	B	C1751	C1751	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	C1758	C1758	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	C2627	C2627	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	C9366	C9366	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	C9368	C9369	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	G0248	G0250	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	G9142	G9142	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	Q2033	Q2039	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	Q4049	Q4050	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	Q4101	Q4102	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	Q4106	Q4106	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	Q4124	Q4124	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	Q4132	Q4133	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	Q4154	Q4154	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	Q4156	Q4156	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S0195	S0195	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S1030	S1030	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S8096	S8097	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S8100	S8101	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S8185	S8185	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S8430	S8431	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S8450	S8451	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S8490	S8490	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM
A	H	Procedure Code	NDC	B	S9434	S9435	Jan 1, 2018 12:00:00 AM	Dec 31, 2299 12:00:00 AM