



STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

August 1, 2008

Dear Medicaid Provider,

This letter is being sent to clarify issues surrounding the federal mandate for reporting of national drug codes (NDCs) for drugs administered in a physician office, clinic, beneficiary home or outpatient hospital setting. This mandate was effective for dates of service on or after July 15, 2007 for professional claims and July 1, 2008 for institutional claims.

Affected Programs

The NDC reporting applies to Michigan Medicaid Fee-for-Service (FFS) beneficiaries, including FFS beneficiaries who have other insurance or Medicare.

Unaffected Programs

The NDC reporting does not apply to Medicaid Health Plan enrollees, Adult Benefits Waiver (ABW) or Children's Special Health Care Services (CSHCS) beneficiaries. Michigan Medicaid will not reject a claim line if an NDC is reported for an ABW or CSHCS beneficiary.

Drugs Requiring NDC Reporting

For outpatient hospitals only, reporting the NDC and its information is *not* required for drugs that are considered packaged or bundled (Medicare Status Indicator = N) under the Outpatient Prospective Payment System (OPPS). Other drugs administered by physicians or provided by outpatient hospitals require reporting the NDC and its information. This requirement includes radiopharmaceuticals, radiographic contrast media, and immunizations. Refer to the Billing & Reimbursement for Institutional Providers Chapter in the Michigan Medicaid Provider Manual for additional information on billing requirements.

NDC Unit Price

Michigan Medicaid is *not* requiring the reporting of the NDC unit price for professional or institutional claim formats. Providers can report the price of the NDC or zero dollar (0.00) in the appropriate fields in the electronic or paper claim format.

NDC Unit of Measure

The Unit of Measure and the Unit of Measure Qualifier Code are used as a basis for reporting the NDC administered quantity. A frequently asked questions document on the Unit of Measure will be posted on the Michigan Department of Community Health (MDCH) website.

Billing 340B Drugs

A provider that purchases a drug at the 340B price is required to bill the 340B price (actual acquisition price) to Medicaid. The 340B price is reported in the appropriate pricing segment on the electronic or paper claim format.

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Covered 340B entities, including their contracted pharmacies and participating disproportionate share hospitals, must contact the MDCH Drug Rebate Specialist, so their drug claims purchased and *billed* at the 340B prices can be excluded from the drug rebate billings to manufacturers. The contact information for the Drug Rebate Specialist is MDCH Pharmacy Program, Bureau of Medicaid Operations & Quality Assurance, P.O. Box 30479, Lansing, MI 48909-7979.

Thank you for your continued participation in the Michigan Medicaid program and your commitment to providing quality care to Michigan's most vulnerable citizens.

Sincerely,

A handwritten signature in black ink that reads "Paul Reinhart". The signature is written in a cursive, flowing style.

Paul Reinhart, Director
Medical Services Administration