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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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Department of Health & Human Services (DHHS)  
Centers for Medicare & Medicaid Services (CMS)

Transmittal 104

Date: FEBRUARY 20, 2004

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CHANGE REQUEST 3141

### I. SUMMARY OF CHANGES: DMERCs and VMS - Instructions for Processing NDC Codes

NEW/REVISED MATERIAL - EFFECTIVE DATE: April 1, 2004

\*IMPLEMENTATION DATE: April 5, 2004

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

### II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	17/70.1/Billing Drugs Electronically - NCPDP

\*III. FUNDING: These instructions shall be implemented within your current operating budget.

### IV. ATTACHMENTS:

	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
X	Recurring Update Notification

\*Medicare contractors only

# Attachment - Recurring Update Notification

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**SUBJECT: DMERCs and VIPS, Processing NDC Numbers**

**I. GENERAL INFORMATION** - The purpose of this instruction is to provide Durable Medical Equipment Regional Carriers (DMERC's) and VMS with additional instructions for processing HIPAA compliant claims utilizing the NDC crosswalk. This information applies to DMERCs and VIPS and SADMERC.

**A. Background:** With the implementation of HIPAA, DMERCs now receive many NDCs for drugs. DMERCs must also be able to process the NCPDP format, the 837 format, and NSF format.

**B. Policy:** SADMERC will provide the VMS and the DMERC a new update of the NDC crosswalk file in April and monthly updates thereafter.

- NDC codes that have been deactivated on the NDC crosswalk, shall be rejected beginning immediately.
- VMS shall load the NDC crosswalk file.
- DMERCs will access monthly NDC update via NDM.

**C. Provider Education:** Providers shall be educated to understand that if the code has been deactivated, even for a short time, the claim line will be rejected if the date of service is during the time the code is deactivated/end dated.

**II. BUSINESS REQUIREMENTS**

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
3141.1	NDC codes that have been deactivated/end dated on the NDC crosswalk shall be rejected beginning immediately.	DMERC
3141.2	DMERCs shall use revised/new remit message with rejections. M119 Revised – <b>Missing/incomplete/invalid/deactivated or withdrawn National Drug Code (NDC).</b>	DMERCs
3141.3	SADMERC shall provide a new updated NDC crosswalk file in April and monthly thereafter.	SADMERC
3141.4	DMERCs and VMS shall accommodate quarterly and monthly NDC crosswalk updates.	VMS and DMERCs

	DMERCs will access monthly data via NDM beginning in May 2004.	
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### III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

**A. Other Instructions: None**

X-Ref Requirement #	Instructions

**B. Design Considerations: None**

X-Ref Requirement #	Recommendation for Medicare System Requirements

**C. Interfaces: N/A**

**D. Contractor Financial Reporting /Workload Impact: N/A**

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

### IV. SCHEDULE, CONTACTS, AND FUNDING

<b>Effective Date: April 1, 2004</b> <b>Implementation Date: April 5, 2004</b> <b>Pre-Implementation Contact(s): Joanne Spalding (410) 786-3352</b> <b>Post-Implementation Contact(s): Appropriate Regional Office</b>	<b>These instructions shall be implemented within your current operating budget</b>
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## **70.1 – Billing Drugs Electronically - NCPDP**

*(Rev. 104, 02-20-04)*

### **B-03-041**

The National Council for Prescription Drug Programs (NCPDP) Telecommunications Standard Version 5.1 and Batch Standard 1.1 is the HIPAA standard for electronic retail pharmacy drug claims and coordination of benefits (COB).

The CMS has issued a companion document for NCPDP in [PM-B-03-041](#) DMERCs that process retail pharmacy drug transactions require their retail pharmacy claimants to use this standard. Retail pharmacies must use the American National Standards Institute (ANSI) Accredited Standards Committee (ASC) ANSI X12N 837P HIPAA version Health Care Claim format to submit claims other than retail pharmacy claims to the DMERCs.

*DMERCs and VIPS shall accommodate quarterly and monthly NDC crosswalk updates as needed. DMERCs shall reject NDC codes that have been deactivated/ended.*

### **A - Requirements for Implementing the NCPDP Standard**

Retail pharmacies will be identified by a value of A5 in the specialty code as received by the National Supplier Clearinghouse. Only DMERC suppliers with an A5 specialty code may use the NCPDP standard. The DMERCs, their EDI submitters, and their other trading partners are required to transmit the NDCs in the NCPDP standards for identification of prescription drugs dispensed through a retail pharmacy. NDCs replace the drug HCPCS codes for retail pharmacy drug transactions billed to DMERCs via the NCPDP standards.

### **B - Certificate of Medical Necessity (CMN)**

The CMN for Parenteral Nutrition (HCFA Form 852) and the DMERC Information Form for Immunosuppressive Drugs (DMERC Form 08.02) will continue to be required. As with other electronic formats, CMN data must be submitted within the valid transaction.

For claims submitted on the CMS-1500, retail pharmacies will continue to supply hard copy CMNs when required.

### **C - NCPDP Companion Document**

DMERCs are to provide the NCPDP companion document, found at: [http://cms.hhs.gov/manuals/pm\\_trans/B03041.pdf](http://cms.hhs.gov/manuals/pm_trans/B03041.pdf) to retail pharmacy drug claim submitters (either provider, billing agent, or clearinghouse) that will submit retail pharmacy drug claims to Medicare electronically.