

Program Memorandum Carriers

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

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CHANGE REQUEST 2760

SUBJECT: Durable Medical Equipment Regional Carriers (DMERCs -- Additional Instructions for Health Insurance Portability and Accountability Act (HIPAA) Implementation of National Drug Codes (NDCs) and the NCPDP Format

I. GENERAL INFORMATION

A. Background: This Program Memorandum (PM) supplies further instructions for implementation of the electronic requirements of HIPAA as well as other claim types.

DMERCs are required to be HIPAA compliant. Currently the DMERCs only accept NDC codes for oral anti-cancer drugs. For HIPAA, any drug billed in the NCPDP format will require NDC codes.

B. Policy: This PM instructs the VMS Standard System and the DMERCs to:

- DMERCs must accept NDC codes for all drugs billed in the NCPDP format;
- DMERCs must accept NDC codes for oral anti-cancer drugs billed in ANSI X12N 837, NCPDP and paper;
- DMERCs must accept HCPCS for all other drugs billed in ANSI X12N 837 and paper; and
- DMERCs must return as unprocessable claims submitted with an invalid NDC using Remittance Advice Remark Code N60 and Adjustments Reason Code 16.

Remittance Advice Remark Code N60 - "A valid NDC is required for this claim/service."
(Suggested language/not final)

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
1.	NDC codes must be accepted in the NCPDP format.	VMS & DMERCs
2.	NDC codes for oral anti-cancer drugs must be accepted in the NSF, 837 format, NCPDP, and on paper claims.	VMS & DMERCs
3.	HCPCS must be accepted for all drugs billed in the 837 format and on paper claims. (NOTE: See exception in #2 above.)	
4.	DMERCs must front end reject claims billed with an NDC other than oral anti-cancer drugs in the National Standard Format (NSF) or ANSI X12N 837.	
5.	NDCs other than oral anti-cancer drugs billed in 837 format will be front end rejected.	DMERCs

6.	HCPCS codes on the NCPDP format will be front end rejected.	VMS & DMERCs
7.	Print Adjustment Reason Code 16 and Remittance Advice Remark Code N60 when an invalid NDC is billed.	VMS
8.	Educate your suppliers that NDC codes must be used when billing drugs via the NCPDP format.	DMERCs
9.	Educate your suppliers that all claims for oral anti-cancer drugs must be billed with an NDC code (including the 837).	DMERCs
10.	Educate your suppliers that NDCs other than oral anti-cancer drugs billed in 837 format will be a front end reject.	DMERCs
11.	Educate your suppliers that HCPCS codes must be used on the 837 (except for oral anti-cancer drugs billed with NDCs).	DMERCs
12.	Educate your suppliers that HCPCS codes must be used on paper claims except for oral anti-cancer drugs. Oral anti-cancer drugs are always billed via NDC codes.	DMERCs

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

B. Design Considerations: N/A

C. Interfaces: N/A

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

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. ATTACHMENT(S) None

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