National Drug Code (NDC)

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Description

The National Drug Code (NDC) was created under the direction of the United States Federal Food, Drug, and Cosmetic Act. NDC numbers are the industry standard identifier for drugs and provide full transparency to the medication administered. The NDC number identifies the manufacturer, drug name, dosage, strength, package size, and quantity.

The U.S. Food and Drug Administration (FDA) maintains an NDC directory of finished drug products, unfinished drugs and compounded drug products. Drug establishments are required to provide the FDA with a current list of all drugs manufactured, prepared, propagated, compounded or processed for sale in the U.S.

Policy

Oscar reimburses providers for Drugs subject to coverage, medical necessity, and policy restrictions.

Reimbursement Guidelines

A valid NDC number for the administered drug will be required for reimbursement of professional drug claims on a CMS-1500 Claim Form, and on a UB-04 Claim Form for outpatient drug claims.

Oscar aligns with the FDA in what is considered a valid NDC code. As the FDA directory does not contain NDC listings for the inner layer of a multi-level packaged product not marketed individually, Oscar does not recognize NDCs for these items as valid. Please utilize the NDC from the marketable carton or package when reporting the NDC for these products.

NDC information that is invalid, missing, or not matching the HCPCS or CPT® code submitted, will not be eligible for reimbursement.

Rationale

The United States Federal Food, Drug, and Cosmetic Act, under Title 21, Chapter 9, Subchapter V, created unique numeric identifiers for the manufacturer, product, and package size to establish unique NDCs.

Requiring NDCs will enable Oscar to identify and reimburse for provided Drug administration more accurately.

NDC Billing Requirements:

The following HCPCS or CPT® codes require an NDC to be billed:

- J codes, including miscellaneous and unlisted drug codes
- Drug-related CPT codes, including miscellaneous and unlisted drug codes, immunizations, Synagis and Immune Globulin
- Drug-related Q codes, including miscellaneous and unlisted drug codes, and Contrast
- Drug-related S codes
- Drug-related A codes, including miscellaneous and unlisted drug codes, and Radiopharmaceuticals

Unit of Measure Billing Guidelines:

In order to ensure consistent and correct processing of claims, the units and unit of measure must be correctly reported. Both HCPCS and NDC units must be submitted accurately based on the unit of measure defined by the HCPCS and NDC codes. The NDC unit of

measure must be correctly reported based on the below guidelines. These guidelines are adapted from the National Council for Prescription Drug Programs (NCPDP) Billing Unit Standard (BUS).

"UN" (unit) is used when the product is dispensed in discrete units. These products are not measured by volume or weight. The Billing Unit of "UN" is also used to address exceptions where "GM" and "ML" are not applicable. Examples of products defined as "UN" include but are not limited to:

- Tablets
- Capsules
- Suppositories
- Transdermal patches
- Non-filled syringes
- Tapes
- Blister packs
- Oral powder packets
- Powder filled vials for injection
- Kits
- Unit-of-use packages with a quantity less than one milliliter or gram should be billed as "one each". For example, ointment in packets of less than 1 gram or eye drops in droppettes that are less than 1 ml. This rule does not apply to injectable products.
- Antihemophilic Products

"ML" (milliliter) is used when a product is measured by its liquid volume. Examples of products defined as "ML" include but are not limited to:

- Liquid non-injectable products of 1 ml or greater
- Liquid injectable products in vials/ampoules/syringes
- Reconstitutable non-injectable products at the final volume after reconstitution except when they are in powder packets
- Inhalers (when labeled as milliliters on the product)

"GM" (gram) is used when a product is measured by its weight. Examples of products defined as "GM" include but are not limited to:

- Creams (of 1 gram or greater)
- Ointments (of 1 gram or greater)
- Inhalers (when labeled as grams on the product)

Convenience Kits:

Point-of-use convenience kits are non-reimbursable. These kits typically contain injectable drugs as well as the medical supplies required to administer the injection. The components of these kits must be billed separately to be considered for reimbursement. The practice expense payment for a given procedure frequently already includes the payment for these supplies.

Modifiers

Oscar allows reimbursement for single-dose vial pharmaceutical waste reported by a provider with appropriate modifiers.

Modifier JW is appended to a specific HCPCS code when the actual dose of a covered drug/biologic administered from a single dose vial is more than the billing unit represented by the HCPCS code. The unused portion of the drug/biologic not administered is considered to be pharmaceutical waste and may be eligible for separate reimbursement. In this scenario, the provider should report the HCPCS code for the drug/biologic on one line with the actual units administered indicated and the amount discarded/wasted should be reported on a separate line of the same claim with the modifier JW appended to the specific HCPCS code being reported.

Modifier JZ is appended to HCPCS codes that are single-use vials that have Zero waste.

Frequently Asked Questions

Q: Do I have to bill the NDC information in addition to HCPCS, CPT or Revenue codes?
A: Yes, the NDC information must be submitted in addition to the applicable HCPCS, CPT or Revenue code(s) and the number of HCPCS, CPT or Revenue code units.

Q: How do the NDC units dispensed differ from the HCPCS, CPT, and Revenue code units?
A: The units submitted for HCPCS, CPT, and Revenue codes are based on the HCPCS, CPT and Revenue code description. The NDC units dispensed are based upon the numeric quantity administered to the patient and the NDC unit of measure.

Q: If the medication comes in a box that contains multiple vials, should I use the NDC number on the box or the NDC number on the individual vial?
A: The NDC required is from the marketable package. In most cases, this would be the NDC from the box along with the appropriate NDC unit of measure and NDC quantity administered. If in doubt, please consult the FDA directory.

Related Policy

Modifiers

References

1. 21 USC Ch. 9, Subchapter V, Drugs and Devices
2. National Council for Prescription Drug Programs Billing Unit Standard
3. U.S. Food and Drug Administration
4. American Medical Association, Current Procedural Terminology (CPT®)
5. Healthcare Common Procedure Coding System (HCPCS)

Publication History

Date	Action/Description
07/23/2018	Original Documentation
08/27/2018	Approval and inclusion in Oscar Provider Manual
04/10/2019	Policy Updated
02/27/2024	Annual Review; Name Changed to National Drug Code (NDC), added description and rationale sections. No change to policy intent. RP Governance Committee Approved.
05/05/2025	Annual Review; Updated Description section to include FDA background and information; Updated Reimbursement Guidelines Section to add more detail around valid NDC codes; Added Modifiers section; Added Frequently Asked Questions Section; Updated Related Policy Section to include Modifier Policy; Updated References Section.