

# Provider Administered Drugs-National Drug Code (NDC)

Reimbursement Policy ID: RPC.0117.01CH

Recent review date: 01/2026

Next review date: 01/2027

*Keystone First – CHIP (Children's Health Insurance Program) reimbursement policies and their resulting edits are based on guidelines from established industry sources, such as the Centers for Medicare and Medicaid Services (CMS), the American Medical Association (AMA), state and federal regulatory agencies, and medical specialty professional societies. Reimbursement policies are intended as a general reference and do not constitute a contract or other guarantee of payment. Keystone First – CHIP may use reasonable discretion in interpreting and applying its policies to services provided in a particular case and may modify its policies at any time.*

*In making claim payment determinations, the health plan also uses coding terminology and methodologies based on accepted industry standards, including Current Procedural Terminology (CPT®); the Healthcare Common Procedure Coding System (HCPCS); and the International Classification of Diseases, 10th Revision, Clinical Modification (ICD-10-CM), and other relevant sources. Other factors that may affect payment include medical record documentation, legislative or regulatory mandates, a provider's contract, a member's eligibility in receiving covered services, submission of clean claims, other health plan policies, and other relevant factors. These factors may supplement, modify, or in some cases supersede reimbursement policies.*

*This reimbursement policy applies to all health care services billed on a CMS-1500 form or its electronic equivalent, or when billed on a UB-04 form or its electronic equivalent*

*To the extent that any procedure and/or diagnosis codes are specified in this policy, such inclusion is provided for reference purposes only, may not be all inclusive, and is not intended to serve as billing instructions. Listing of a code in this policy does not imply that the service described by the code is a covered or non-covered health service. Benefit coverage for health services is determined by federal, state, or contractual requirements and applicable laws that may require coverage for a specific service. The inclusion of a code does not imply any right to reimbursement or guarantee claim payment. Other Policies and Guidelines may apply.*

## Policy Overview

This policy addresses the mandatory National Drug Code (NDC) requirements for both professional and outpatient facility drug claims when submitted for reimbursement. National Drug Code numbers are industry standard identifiers for medications; the NDC number identifies the manufacturer, drug name, dosage, strength, package size and quantity.

## Exceptions

N/A

## Reimbursement Guidelines

Keystone First – CHIP requires a valid NDC number, NDC unit of measure and NDC units dispensed for the drug administered for reimbursement on professional and facility claims. If the NDC number is missing, invalid, or does not match the HCPCS or CPT code submitted, the claim will not be eligible for reimbursement. Note the NDC must also be active for the date of service.

NDC Unit of Measure (UOM)

UOM	Description
GR	Gram
ML	Milliliter
F2	International unit
UN	Unit

The units submitted for a drug should not exceed the package maximum units, based on the NDC number or in increments associated with the drug package. Any amount that surpasses the maximum units on the package will not be eligible for reimbursement.

Please refer to Keystone First – CHIP website and/or provider manual for NDC billing instructions.

## Definitions

### National Drug Code (NDC)

The National Drug Code (NDC) is a unique 10- or 11-digit number that identifies a drug's labeler, product, and package size. It's used to report drugs to the FDA and is required for all prescription and non-prescription medications in the United States.

## Edit Sources

- I. Current Procedural Terminology (CPT) and associated publications and services.
- II. International Classification of Diseases, 10th Revision, Clinical Modification (ICD-10).
- III. Healthcare Common Procedure Coding System (HCPCS).
- IV. Centers for Medicare and Medicaid Services (CMS). <https://www.fda.gov/drugs/drug-approvals-and-databases/national-drug-code-directory>
- V. The National Correct Coding Initiative (NCCI).
- VI. <https://www.ecfr.gov/current/title-21/chapter-I/subchapter-C/part-207#207.33>
- VII. Applicable Keystone First - CHIP manual reference.
- VIII. Commonwealth of Pennsylvania Children's Health Insurance Program guidance.
- IX. Commonwealth of Pennsylvania Medicaid Program fee schedule(s).
- X. <https://www.fda.gov/drugs/drug-approvals-and-databases/national-drug-code-directory>.

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## Attachments

N/A

## Associated Policies

N/A

## Policy History

01/2026	Reimbursement Policy Committee Approval
12/2025	Annual review <ul style="list-style-type: none"><li>No major changes</li></ul>
06/2025	Minor updates to formatting and syntax
06/2025	Reimbursement Policy Committee Approval
04/2025	Revised preamble
04/2024	Revised preamble
08/2023	Removal of policy implemented by Keystone First – CHIP from Policy History section
01/2023	Template Revised <ul style="list-style-type: none"><li>Revised preamble</li><li>Removal of Applicable Claim Types table</li><li>Coding section renamed to Reimbursement Guidelines</li><li>Added Associated Policies section</li></ul>