



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
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MEDICAID DRUG REBATE PROGRAM

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For State Medicaid Directors



Clarification of NDC Requirement for Physician-Administered Drugs

Section 6002 of the Deficit Reduction Act (DRA) and 42 CFR Part 447.520 set conditions for States to obtain FFP for physician-administered drugs. States must collect National Drug Codes (NDCs) on claims submitted for physician-administered drugs in order for the States to bill manufacturers for rebates. Section 1927(j)(2) of the Social Security Act exempts certain hospitals from the rebate requirement as long as the hospitals bill Medicaid for covered outpatient drugs at no more than the “hospital’s purchasing costs for covered outpatient drugs (as determined under the State plan).”

We are clarifying a State’s obligation to collect NDCs under Section 6002 and 42 C.F.R. § 447.520. This obligation must be read in conjunction with the Section 1927(j)(2) exemption described above. A hospital’s claims for covered outpatient drugs are not subject to the NDC reporting requirement if the hospital meets the criteria of Section 1927(j)(2). States are therefore not required to collect NDCs under the DRA for these claims.

/s/

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Director
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