

# This Computes!



**Department of Health Care Services  
Children's Medical Services Network  
(CMS Net) - Information Bulletin #421**

## **Use of Z5999 for Medi-Cal Non-Benefit Flagged Items/Products and SAR Coding**

During calendar year 2012 and continuing into 2013, the Medi-Cal Program has been slowly performing a clean-up of the database for the Medi-Cal billing system's NDC type codes. Items and products deemed not payable within the Medi-Cal Program, are flagged with a "non-benefit status", designated by a TAR Indicator = 2 or TAR2. As CCS and GHPP utilize the Medi-Cal Program's billing system, these TAR2 applications adversely affect CCS/GHPP's ability to authorize these codes. TAR2 flagged codes do not appear in CMSNET and claims billed with TAR2 flagged NDCs (or other 11-digit codes) deny, even with a SCG or specific approved SAR.

To date, items affected by this clean-up process include over-the-counter dietary supplements and multivitamins, single amino acid powders and tablets, thickeners, Active Pharmaceutical Ingredients (APIs), and folic acid containing vitamins.

Further, certain products and item categories that are subject to State contracts, such as enteral nutrition products and diabetic test strips/lancets are subject to a TAR2 flag. Specific products or supplies for which there is no State Contract will also be designated TAR2 or "non-benefit".

Finally, the Medi-Cal Program considers medical foods as a non-benefit service.

For CCS Program and GHPP, services that have been flagged as TAR2 in the billing system but are deemed medically necessary, requires use of a work around to authorize the service, using a miscellaneous EPSDT-SS code, Z5999. Use of this code requires that pharmacies bill hardcopy (paper claim); they cannot bill Z5999 electronically. System logic within Xerox (Medi-Cal's fiscal intermediary) will direct payment from State only funds if the client is not eligible

for EPSDT-SS (i.e. when client does not have full scope no share of cost Medi-Cal).

When and how Z5999 should be authorized:

1. Determine the TAR Indicator status from ACSNET's CA-MMIS Formulary Inquire Screen, See Enclosure 1, or contact the CMS Pharmaceutical Consultant.
2. If the service has a TAR Ind (TAR indicator) of 2, it has been flagged "non-benefit" status and is eligible for approval using Z5999, **if medically necessary**. See Enclosure 2.
3. Review and follow instructions in Section 12, [EPSDT-SS SARs Requiring County Approval](#) from the CMSNET Web Training Manual.
4. If the client has full scope no share of cost Medi-Cal, check the EPSDT-SS box (creates a 91 prefix SAR), otherwise do not check the box (creates a 97 or 99 prefix SAR).
5. From the Category drop down, indicate the applicable reason for using Z5999 (see Enclosure 3).
6. Determine the approved Units (see Enclosure 4).
7. Leave the Quantity field blank.
8. Z5999 is only for the item/product that is non-benefit in the billing system and not for the entire prescription (i.e. should not cover the entire compounded prescription).
9. One Z5999 code is recommended to be authorized per SAR. For multiple Z5999 codes, a separate SAR for each is recommended. Eliminates the chances of "duplicate claim" denials.
10. Z5999 should be the only code authorized on the SAR; this code stands alone on the SAR. Do not add other services on the SAR.
11. Include, in Special Instructions text, in addition to any county specific text:

**Z5999 – for \_\_\_\_\_ (product/item/service) with code of: \_\_\_\_\_ (list the 11 digit code)**

Z5999 for non-benefit product as requested by Dr. \_\_\_\_\_ for \_\_\_\_\_ (please indicate product name, strength or concentration, and dose form). The NDC or 11-digit code that is TAR2 should also be listed to help identify the item in the invoice or catalog page that will be submitted with the claim.

One unit equals = (please refer to examples below)

Miscellaneous code Z5999. For this 'By-Report' code, [paper claim](#), provider must submit the following items and attachments:

1. Claim form [CMS 1500](#)
2. A copy of the CCS or GHPP authorization
3. Invoice for the non-benefit drug/product or copy of manufacturer's catalog page for the item/supply
4. Or detailed description and itemization of the service provided; including **COST** of the product provided.

EPSDT-SS: Provider must submit claims for EPSDT Supplemental Services (Z5999) on a separate claim form from any other Medi-Cal benefit item/service.

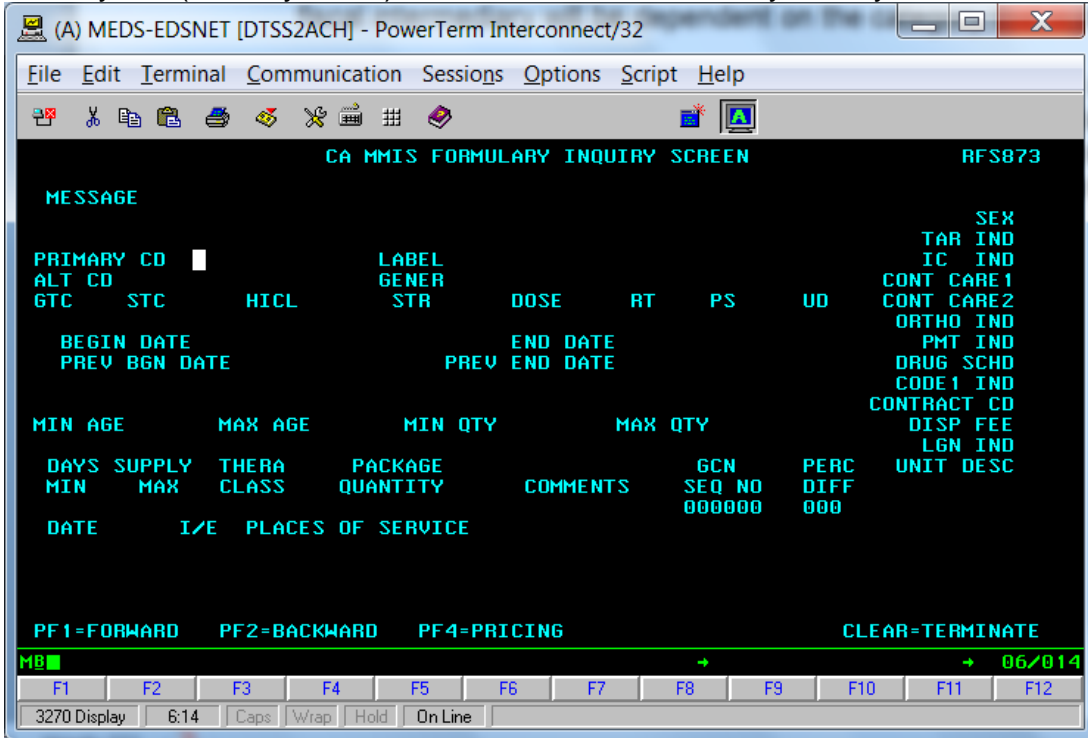
If you have any questions, please contact:

Edan Lum, Pharm D., Pharmaceutical Consultant  
Children's Medical Services  
916-327-2486 or 510-286-0722, [edan.lum@dhcs.ca.gov](mailto:edan.lum@dhcs.ca.gov)

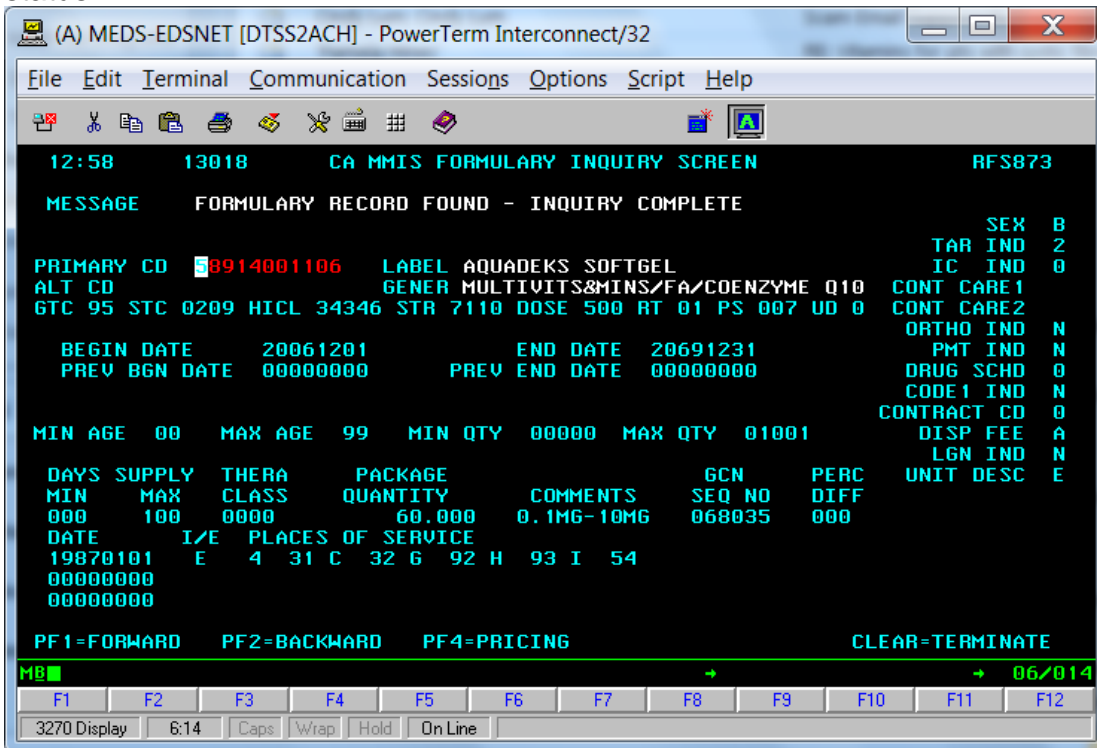
or

Galynn Thomas, R.N., NC III  
Children's Medical Services  
(916) 327-2692, [galynn.thomas@dhcs.ca.gov](mailto:galynn.thomas@dhcs.ca.gov)

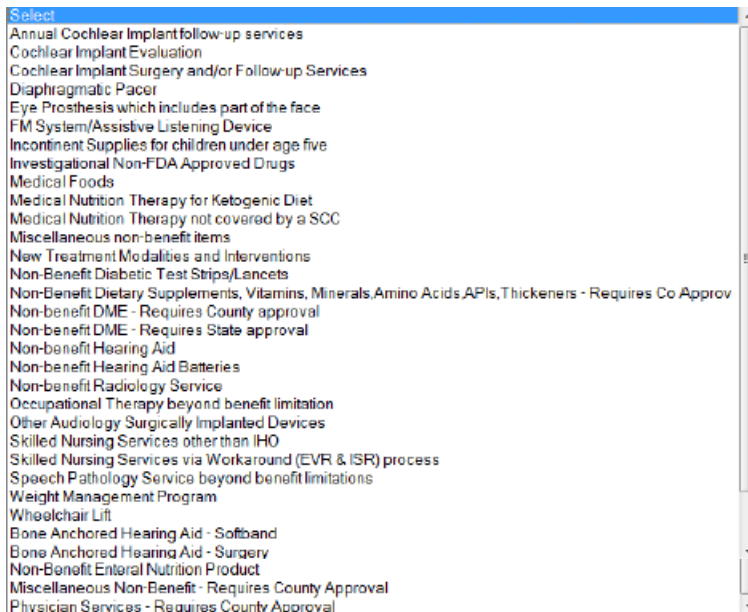
Enclosure 1: Enter the NDC or 11 digit number, no hyphens, at the cursor for Primary CD (Primary Code). Hit the Control button on your keyboard



Enclosure 2: Note the TAR IND (TAR Indicator). TAR IND = 2 means non-benefit status



Enclosure 3: Choose an appropriate category for the use of the Z5999 code. This is a must do activity as accurate adjudication of the Z5999 claim by our fiscal intermediary will be dependent on the proper category that is chosen:



Examples of appropriate categories:

- Non-FDA approved drugs deemed medically necessary and reimbursable (Omegavan, stiripentol)-choose Investigational Non-FDA Approved Drugs
- Medical Foods-choose Medical Foods
- Non-contracted diabetic test strips/lancets- choose Non-Benefit Diabetic Test Strips/Lancets (Not Listed in the Medi-Cal Provider Manual: Diabetic Supplies)
- Non-contracted enteral nutrition products- choose Non-Benefit Enteral Nutrition Product (Not in the Medi-Cal Contract Enteral Nutrition Products List)
- TAR2 multivitamins, minerals, API's -choose Non-Benefit Dietary Supplements, Vitamins, Minerals, Amino Acids, API's, Thickeners - Requires County Approval
- TAR2 dietary supplements -choose Non-Benefit Dietary Supplements, Vitamins, Minerals, Amino Acids, API's, Thickeners - Requires County Approval

Enclosure 4: The Units field should reflect the total of the (appropriate) Medi-Cal billing unit required for the life of the SAR. The Medi-Cal billing units are:

- milliliter (ml)- product is liquid or container is measured by volume
- gram (gm)- product is powder or container is measured by weight
- 'each' (each tablet or capsule, factor unit, etc.)

The Units column should reflect the total amount of product for the life of the SAR, based on the chosen (and appropriate) Medi-Cal billing unit. Some counties are issuing "1" or "6", or "12" or another number to mean # of fills. This is not appropriate. Pharmacies are supposed to bill based on the accepted Medi-Cal billing unit so the SAR needs to be able to accommodate/account for this.

To determine Units:

- Determine the service (product that has been TAR2'ed) that is requested to be covered by Z5999
- Determine what dose form the pharmacy has chosen (Liquid? Powder? Tablet? Capsule?)
- Determine how much of that product is needed for each dispensing by the pharmacy
- Multiply how much for each dispensing times the # of dispensing's for the life of the SAR

For example:

1. Pharmacy is supplying a non-benefit chemical powder (an API), so grams are the most logical billing unit to use. If dose is 500mg/day = 15,000mg/month = 15grams/month for 11 months. So Units should reflect 15 grams per month times 11 months or 15 grams x 11 = 165 grams total. Units should be 165. This allows the pharmacy to bill 15 grams each month for 11 months. Provider should be informed in Special Instructions to bill by the "gram" and that 15 gram is expected to be dispensed and billed each month.
2. Pharmacy is supplying a 100ml, single use, vial of a drug. The appropriate billing may be 'ml' or 'each' (each vial). If the dose is 150ml per week for 15 weeks, two vials are needed per week. So, if milliliter is the chosen billing unit, the Units field should reflect  $100 \times 2 \times 15 = 3000$ . Provider should be informed in Special Instructions to bill by the "ml" and that 200 ml is expected to be dispensed and billed each week. If 'each' is the chosen billing unit, the Units field should reflect  $2 \times 15 = 30$ . Provider should be informed in Special Instructions to bill by the "each" vial and that "2" is expected to be dispensed and billed each week. Note: as the drug is single use, 50ml or half a vial will need to be discarded, each week.
3. Pharmacy is supplying 60 tablets a month of a CF multivitamin. The appropriate Medi-Cal billing unit will be 'each'. SAR life is 6 months with 6 dispensing's. The Units field should be  $6 \times 60 = 360$ .
4. Pharmacy is dispensing a 400 gram can of non-contracted metabolic formula. The appropriate billing unit will be 'grams' as Medi-Cal rules for enteral nutrition products are always to bill by gm or ml. Client uses 1.5 cans per month. SAR life is 6 months. The Units field should be  $1.5 \times 400 \times 6 = 3600$ . The pharmacy may dispense 2 cans (800 grams) alternating with 1 can (400 grams). Note: powder, in cans, are not single use so unused powder can be carried over to the next month.

5. Patient is prescribed to drink 45ml of a liquid enteral nutrition product per day. Pharmacy is dispensing this product in 384ml cans.  $45 \times 30 = 1350\text{ml}$  per month = 3.515 cans (384ml/can) per month. Round up to 4 cans per month to be dispensed. If the SAR is for 6 months,  $6 \times 384 \times 4 = 9216$  should be coded for Units. Provider should be informed in Special Instructions to bill by the "ml" and that "4 x 384ml" is expected to be dispensed and billed each month. Note: partial cans of a liquid enteral nutrition product should not be dispensed. However, partial cases can be split into individual cans (do not accept that the provider must only dispense by the case).

Helpful documents for pharmacies to review:

- Bill Z5999 using the CMS-1500 claim form, only.

Medi-Cal Provider Manual Sections on CMS-1500 claim forms:

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/cmscomp\\_m00a00p00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/cmscomp_m00a00p00.doc)

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/cmsspec\\_m00a00p00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/cmsspec_m00a00p00.doc)

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/cmstips\\_m00a00p00v00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/cmstips_m00a00p00v00.doc)

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/fpact/claimcms\\_f00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/fpact/claimcms_f00.doc)

- Billing compounding prescription:  
Pharmacy providers should be reminded that the Z5999 code is to be used only for the non-benefit item/product, i.e., for the API, see This Computes #362: [Active Pharmaceutical Ingredients \(APIs\)](#). Other ingredients used in the compounded prescription (i.e. excipients, flavorings, stabilizers, suspending agents, etc.) should be billed separately, as a compound ingredient, using their NDC or 11-dgit code as instructed in the Medi-Cal provider manual (see below). The compounding charge, as allowed by the Medi-Cal Program, should be billed with the compound claim, not with the Z5999 claim. The SAR # for the Z5999 code may be used as these ingredients are not CCS restricted so does not require a separate SAR. Claims for these other compound ingredients (and not for Z5999) may be billed electronically if the pharmacy's computer allows it or hardcopy via Pharmacy Form 30-4.

Medi-Cal Provider Manual Sections on Pharmacy Form 30-4:

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/compoundcomp\\_p00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/compoundcomp_p00.doc)

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/compoundex\\_p00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/compoundex_p00.doc)

Medi-Cal Provider Manual Section on IV Compound Prescriptions:

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/ivsolspec\\_p00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/ivsolspec_p00.doc)

Medi-Cal Provider Manual Sections on Reimbursement for Compound Prescriptions:

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/reimbursement\\_p00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/reimbursement_p00.doc)

[http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/pcf30-1spec\\_p00.doc](http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/pcf30-1spec_p00.doc)