



Related MLN Matters Article #: SE0570

Date Posted: November 8, 2005

Related CR #: N/A

Important Information About Medicare Coverage of Drugs Under Part B and the New Medicare Prescription Drug Coverage (Part D), and Vaccines Administered in a Physician's Office – The Ninth in the MLN Matters Series on the New Prescription Drug Plans

Key Words

SE0570, Part D, Drugs, Coverage, Vaccines, Part B, DME, Part A, Influenza, Immunosuppressive, Hemophilia, Anti-Cancer, Anti-Emetics, Pneumococcal, Hepatitis, Antigens, Erythropoietin, Nutrients, Globulin, ESRD, Blood

Provider Types Affected

Physicians, healthcare professionals, providers, suppliers, and their staff

Key Points

Special Edition (SE) article SE0570 highlights the differences in how drugs are covered, which drugs are covered by Medicare Part B and the new Medicare prescription drug coverage (Part D), and provides guidance on the effect of Part D on vaccines given to Medicare patients in a physician's office.

Part A/B Covered Drugs Set by Statute

- Under Part A, Medicare bundled payments made to hospitals and skilled nursing facilities (SNFs) generally cover all drugs provided during a covered Part A stay. (An exception is clotting factor supplied during a stay, which is paid separately from the bundled payment.)
- Medicare also makes payments under Part B to physicians for drugs or biologicals that are **not** usually self-administered. Coverage is usually limited to drugs and biologicals **administered by infusion or injection**. If the injection is a self-administered injection (e.g., Imitrex), it is not covered.
- Physicians, healthcare professionals, providers, and suppliers may also bill Medicare Part B for other limited types of drugs as follows:
 - Durable medical equipment (DME) Supply Drugs;
 - Immunosuppressive Drugs;

- Hemophilia Clotting Factors;
- Oral Anti-Cancer Drugs;
- Oral Anti-Emetic Drugs;
- Pneumococcal VaccineM70;
- Hepatitis B Vaccine;
- Influenza Vaccine;
- Antigens;
- Erythropoietin (EPO);
- Parenteral Nutrition; and
- Intravenous Immune Globulin Provided in the Home.

Part B Covered Drugs in the Context of a Professional Service

- Drugs Furnished "Incident to" a Physician's Service;
- Separately Billable End Stage Renal Disease (ESRD) Drugs;
- Separately Billable Drugs Provided in Hospital Outpatient Departments;
- Drugs Covered as Supplies or – "Integral to a Procedure"; and
- Blood.
- Drugs Furnished as a Part of a Service in Provider Settings:
 - Drugs packaged under the Hospital Outpatient Prospective Payment System;
 - Drugs furnished by ESRD facilities and included in Medicare's ESRD composite rate;
 - Osteoporosis drugs provided by home health agencies under certain conditions;
 - Drugs furnished by critical access hospitals' outpatient departments;
 - Drugs furnished by a Rural Health Clinic;
 - Drugs furnished by Federally Qualified Health Centers;
 - Drugs furnished by Community Mental Health Centers;
 - Drugs furnished by ambulances; and
 - Separately billable drugs provided in Comprehensive Outpatient Rehabilitation Facilities.

Part D Covered Drugs

- A Part D covered drug is a drug that is available only by prescription; approved by the Food and Drug Administration (or is a drug described under section 1927(k)(2)(A)(ii) or (iii) of the Social Security Act); used and sold in the United States; and used for a medically accepted indication (as defined in section 1927(k)(6) of the Act).

- A covered Part D drug includes prescription drugs, biological products, insulin as described in specified paragraphs of Section 1927(k) of the Act, and vaccines licensed under Section 351 of the Public Health Service Act.
- The definition of a covered Part D drug also includes “medical supplies associated with the injection of insulin (as defined in regulations of the Secretary).”
- The Centers for Medicare & Medicaid Services (CMS) defines those medical supplies to include syringes, needles, alcohol swabs, and gauze.

Part D Excluded Drugs

- The definition of a covered Part D drug excludes any drug for which, as prescribed and dispensed or administered to an individual, payments would be available under Parts A or B of Medicare for that individual, even though a deductible may apply.
- The definition of a covered Part D drug specifically excludes drugs or classes of drugs, or their medical uses, which may be excluded from coverage or otherwise restricted under Medicaid under section 1927(d)(2) of the Act, with the exception of smoking cessation agents.
- The drugs or classes of drugs that may currently be otherwise restricted under Medicaid include the following:
 - Agents when used for anorexia, weight loss, or weight gain;
 - Agents when used to promote fertility;
 - Agents when used for cosmetic purposes or hair growth;
 - Agents when used for the symptomatic relief of cough and colds;
 - Prescription vitamins and mineral products, except prenatal vitamins and fluoride preparations;
 - Nonprescription drugs;
 - Outpatient drugs for which the manufacturer seeks to require that associated tests or monitoring services be purchased exclusively from the manufacturer or its designee as a condition of sale;
 - Barbiturates; and
 - Benzodiazepines.

Vaccines Administered in a Physician’s Office

- If a vaccine is currently covered under Part B, it will remain covered under Part B when the new Part D goes into effect on January 1, 2006.
- Medicare Part B currently covers the following immunizations:
 - Pneumococcal pneumonia vaccine;
 - Hepatitis B vaccine;
 - Influenza virus vaccine; and
 - Other vaccines (e.g., tetanus toxoid) when directly related to the treatment of an injury or direct exposure to a disease or condition.

Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0570.pdf>

Medicare Claims Processing Manual - <http://www.cms.hhs.gov/manuals/downloads/clm104c23.pdf>

Medicare Benefit Policy Manual - <http://www.cms.hhs.gov/manuals/Downloads/bp102c06.pdf>

Medicare Coverage Database - <http://www.cms.hhs.gov/mcd/overview.asp>

Carrier, Durable Medical Equipment Regional Carrier, and Fiscal Intermediary Contacts by Region - <http://www.cmsed.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip>

Medicare Drug Information Resource - <http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/>

Hospital Outpatient Prospective Payment System 2005

<http://www.cms.hhs.gov/HospitalOutpatientPPS/AU/list.asp#TopOfPage>

Palmetto GBA - <http://www.palmettogba.com>

AdminaStar - <http://www.adminastar.com>

CIGNA - <http://www.cignamedicare.com>

National/Local Coverage Determinations - http://www.cms.hhs.gov/mcd/index_list.asp?list_type=ncd

Medicare Part B versus Part D Coverage Issues -

http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/BvsDCoverage_07.27.05.pdf

Medicare Prescription Drug Coverage Information for Providers -

<http://www.cms.hhs.gov/Partnerships/PDI/list.asp>