



Related MLN Matters Article #: SE0672

Date Posted: November 13, 2006

Related CR #: 4309, 4064

[Competitive Acquisition Program \(CAP\) for Part B Drugs and Biologicals](#)

[CLARIFICATION OF CLAIMS PROCESSING FOR CAP](#)

Key Words

Biologicals, CAP, Drugs SE0672, CR4064, MM4064, CR4309, MM4309

Provider Types Affected

Physicians participating in the CAP for Part B Drugs and Biologicals

Key Points

- The Centers for Medicare & Medicaid Services (CMS) has issued Change Request (CR) 4309, MLN Matters article MM4309, CR4064, and MLN Matters article MM4064 that provided information regarding requirements for the Competitive Acquisition Program (CAP) for Medicare Part B drugs.
- SE0672 summarizes key requirements for submission of claims for the administration of drugs under the CAP.

SUBMITTING A CLAIM WITHIN 14 DAYS

- Physicians who have signed the CAP election form have agreed to submit a claim to Medicare within 14 days of the administration of the CAP drug to facilitate timely payment to the approved CAP vendor.
- Payment to the approved CAP vendor for the drug is conditioned on verification that the drug was administered to the Medicare beneficiary.
- Proof that the drug was administered is established by matching the participating CAP physician's claim for drug administration with the approved CAP vendor's claim for the drug in the Medicare claims processing system by means of a prescription order number on both claims.
- The approved CAP vendor may not bill the beneficiary and/or the beneficiary's third party insurance for any applicable coinsurance and deductible until drug administration is verified.

CAP MODIFIER CODES

- The Medicare carrier will deny any physician Part B claims for drugs included in the CAP unless the appropriate CAP modifier codes are included when physicians submit claims to their carriers for the administration of CAP drugs.
- The CAP modifier codes are:
 - J1 – Competitive Acquisition Program, no-pay submission for a prescription order number;
 - J2 – Competitive Acquisition Program (CAP), restocking of drugs used in a defined emergency, and
 - J3 – Competitive Acquisition Program (CAP), drug not available through CAP as written, reimbursed under average sales price (ASP) methodology.

CAP PRESCRIPTION ORDER NUMBER

- Participating CAP physicians must use a prescription order number to identify each CAP drug administered.
- This number will be matched to the prescription order number(s) on the approved CAP vendor's claim as verification that the beneficiary received the drug(s) and that the approved CAP vendor may now be paid by Medicare.
- The prescription order number will be found on the information sent to CAP physicians by the CAP vendor with their drug order.

GENERAL BILLING INFORMATION

- When physicians submit claims for the administration of CAP drug(s) to their carriers, they should include:

A prescription order number for each CAP drug administered. For paper claims, the prescription order number is placed in Item 19 on the CMS 1500 form. If billing electronically, physicians should make sure that billing software is current and transmits this information in the Health Insurance Portability and Accountability Act (HIPAA) 837 claim format;

The Healthcare Common Procedure Coding System (HCPCS) code for each CAP drug administered along with the "J1" no pay modifier;

The billed charge for the CAP drug administered which must be greater than \$0;

The HCPCS code(s) that include the administration of each CAP drug should be listed on separate lines, and

The Current Procedural Terminology (CPT) code for CAP drug administration and/or office visit associated with a CAP drug administration on the same claim as the CAP drug(s). (The administration services and the no-pay lines must be on the same claim or the carrier will return the claim as unprocessable and physicians will see a remittance advice reason code of 16 denoting "Claim lacks information which is needed for adjudication.")

CAP DRUGS ADMINISTERED IN AN EMERGENCY SITUATION

- When physicians submit claims for the administration of CAP drug(s) that have been administered from their office stock in an emergency situation and are to be replaced by the approved CAP vendor, the claim should be submitted with the following:

1. Prescription order number for each CAP drug administered; HCPCS code for each administered CAP drug along with the "J1" no-pay modifier and also on that same line, the "J2" modifier denoting "Competitive Acquisition Program, (CAP) restocking of emergency drugs after emergency administration;" and
2. The **billed charge** for the CAP drug administered which must be **greater than \$0**; and The HCPCS code(s) that include the administration of each CAP drug which must be entered on separate lines of the **same claim** along with the CAP drug administered.

CLAIMS FOR DRUGS OUTSIDE THE CAP PROGRAM

- When physicians submit claims for "furnish as written" drugs to be paid outside the CAP program: Physicians should use **only the "J3" modifier**, (no "J1" or "J2" modifier should be submitted in this situation), denoting "Competitive Acquisition Program (CAP) drug not available through CAP as written, reimbursed under the average sales price (ASP) methodology."

The "J3" modifier must be submitted with the HCPCS code for the drug along with the appropriate HCPCS code for the administration of that drug and the normal billed charges.

CARRIER MONITORING

- The Medicare carrier will identify physicians who elected to participate in the CAP, will process claims and will make payment for drug administration services.
- Payment for CAP drugs will be made to the approved CAP vendor and not to the physician.
- Unless claims for CAP administration include the CAP drug no-pay, restocking, or "furnish as written" modifier, the claim will be denied and physicians will see a remittance advice, N348, stating that "You chose that this service/supply/drug be rendered/supplied and billed by a different practitioner/supplier."
- Carriers will also monitor drugs obtained using the "furnish as written" provision to ensure that the participating CAP physician is complying with Medicare payment rules
- Carriers will also monitor drugs ordered under the emergency replacement provision to ensure that the participating CAP physician is complying with Medicare payment rules, including the CAP definition of "emergency situation."

DEDICATED CAP LISTSERV

- CMS has established a specific CAP listserv, called CMS-CAP-PHYSICIANS-L, so that CAP physicians can receive pertinent and timely information regarding the CAP program. To subscribe visit <http://www.cms.hhs.gov/apps/maillinglists/>
- Physician may check back on the "Information for Physicians CAP web page" www.cms.hhs.gov/CompetitiveAcquisforBios/02_infophys.asp where they will be able to sign up for this listserv shortly.

Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0672.pdf>
<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4309.pdf>



<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4064.pdf>

Physician billing information on the Competitive Acquisition Program (CAP) may be found at http://www.cms.hhs.gov/CompetitiveAcquisforBios/02_infophys.asp on the CMS web site.

A CAP Specific Billing Tip Sheet may be found at http://www.cms.hhs.gov/CompetitiveAcquisforBios/Downloads/cap_billtips.pdf on the CMS web site.

If providers have any questions, they may contact their carrier, at their toll-free number, which may be found at: <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS web site.