



Related MLN Matters Article #: MM3783

Date Posted: April 29, 2005

Related CR #: 3783

*MMA - July 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File, Effective July 1, 2005*

### Key Words

Part B, AWP, Drugs, Vaccines, ASP, WAC, Blood, Biologicals, Radiopharmaceuticals, MMA, MM3783, CR3783

### Provider Types Affected

All Medicare providers

### Key Points

The effective date of instruction is July 1, 2005.

- This instruction is informational only and explains how Medicare pays for certain drugs that are not paid on a cost or prospective payment basis.
- Beginning January 1, 2005, the payment allowance limits for Medicare Part B drugs and biologicals that are not paid on a cost or prospective payment basis are 106 percent of the ASP.
- The exceptions to this general rule are as follows:
  - The payment allowance limits for blood and blood products, with certain exceptions such as blood clotting factors, are determined in the same manner the payment allowance limits were determined on October 1, 2003.
  - The payment allowance limits for infusion drugs furnished through a covered item of durable medical equipment on or after January 1, 2005 will continue to be 95 percent of the Average Wholesale Price (AWP) reflected in the published compendia as of October 1, 2003 regardless of whether or not the durable medical equipment is implanted.
  - The payment allowance limits for influenza, pneumococcal and hepatitis B vaccines are 95 percent of the AWP as reflected in the published compendia.

- The payment allowance limits for drugs, **other than new drugs**, not included in the ASP Medicare Part B Drug Pricing File or Not Otherwise Classified (NOC) Pricing File are based on the published Wholesale Acquisition Cost (WAC) or invoice pricing. The payment limit is 100 percent (100%) of the WAC for the lesser of the lowest brand or median generic.
- The payment allowance limits for new drugs and biologicals not included in the ASP Medicare Part B Drug Pricing File or NOC Pricing File are based on 106% of the WAC. This policy applies only to new drugs that were first sold on or after January 1, 2005.
- The payment allowance limits for radiopharmaceuticals are not subject to ASP. Medicare carriers/intermediaries will determine these payment limits based on invoice pricing.

### Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3783.pdf>

<http://www.cms.hhs.gov/Transmittals/downloads/R528CP.pdf>