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### *Hospital Billing for Take-Home Drugs*

#### Key Words

MM4301, CR4301, R882CP, hospital, billing, take-home, drugs

#### Provider Types Affected

Hospitals that submit claims for take-home oral anti-cancer drugs, take-home oral anti-emetic drugs, and immunosuppressive drugs not included in a procedure performed in the hospital

#### Key Points

- The effective date of the instruction is July 1, 2006.
- The implementation date is July 3, 2006.
- For oral anti-cancer, oral anti-emetic, and immunosuppressive take-home drug claims that cover more than a single day's supply, hospitals, including critical access hospitals (CAHs), must:
  - Bill multi-day supplies of take-home oral anti-cancer, oral anti-emetic, and immunosuppressive drugs to the appropriate DMERC;
  - Bill their fiscal intermediary (FI) for outpatient services when the service includes an oral anti-cancer drug, oral anti-emetic drug, or immunosuppressive drug as long as no more than one day's supply (i.e., only today's) is given to the beneficiary, and the beneficiary receives additional services;
  - Bill the associated supplying and dispensing fees on the same claim as the drug. Claims for a supplying fee or a dispensing fee not billed on the same claim as the drug that was supplied or dispensed will be denied; and
  - Bill all take-home inhalation drugs to the appropriate durable medical equipment regional carrier (DMERC), unless the drug is an integral part of a hospital procedure (inpatient or outpatient).
- The appropriate DMERC for claim filing is the DMERC having jurisdiction for the region in which the beneficiary resides.

- Hard copy claims submitted to an improper jurisdiction will be denied.
- Electronic claims that are sent to the wrong DMERC will be redirected to the correct DMERC.
- Please also note that:
  - Immunosuppressive drugs and supplying fees provided by a dialysis facility in the state of Washington are paid by the FI.
  - When a beneficiary in a hospital or skilled nursing facility (SNF) non-covered stay, or a hospital/SNF inpatient who has exhausted benefits (types of bill (TOBs) 12x or 22x, respectively) is given a covered oral anti-cancer or anti-emetic drug, or a covered immunosuppressive drug, the hospital or SNF should bill its regular FI.
  - Payment to hospitals is dependent on the applicable payment mechanism for the type of hospital (reasonable cost for Tax Equity & Fiscal Responsibility Act of 1982 (TEFRA) hospitals and CAHs, and ambulatory payment classifications (APCs) for hospitals subject to the hospital outpatient prospective payment system (OPPS).
- When hospitals dispense drugs to Medicare beneficiaries for take-home use, they are functioning as retail pharmacies and billing should be as a retail pharmacy, using the national drug code (NDC) number of the drug and the National Council for Prescription Drug Programs (NCPDP) electronic format.
- Supplying fee with these drugs:
  - While there is a supplying fee associated with these drugs, only the DMERC will pay this fee to a hospital outpatient department.
  - Claims billed to the local FI for outpatients will not be paid the supplying fee.
  - The only way a hospital can receive the supplying fee is to bill the appropriate DMERC for the supplying fee and the drug and, if applicable, any administration fee.
  - Supplying fees must be billed on the same claim as the drug.

## Supplier Number

- Hospitals that do not have a supplier number for billing the DMERC should complete a form CMS-855-S and obtain a supplier number from the National Supplier Clearinghouse (NSC). This may be done in either of two ways:
  - Calling the NSC directly at 1-866-238-9652 and requesting application form CMS-855-S. Once the hospital has completed the CMS-855-S, it should be submitted as soon as possible to the NSC at the address indicated on the form.

- Alternatively, hospitals may go to:  
[http://www.cms.hhs.gov/MedicareProviderSupEnroll/01\\_overview.asp](http://www.cms.hhs.gov/MedicareProviderSupEnroll/01_overview.asp) on the CMS website and download the CMS-855-S in Adobe Acrobat format. The application can be completed as a hard copy and submitted to the NSC.
- Once a hospital has its supplier number, the hospital can proceed to bill the appropriate DMERC using the NCPDP - Telecommunication Version 5.1 and Batch Standard 1.1 - Retail Pharmacy Claims. In exceptional circumstances, a hard copy CMS-1500 may be used.
- In both cases the actual drug must be listed by NDC and the claim must show the units given to the beneficiary. The DMERC will provide specific instructions to hospitals on billing requirements.

### Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4301.pdf>

CR2488 Program Memorandum (PM) Transmittal A-02-123, dated December 13, 2002, Hospital Billing for Immunosuppressive Drugs Furnished to Transplant Patients, can be found at <http://www.cms.hhs.gov/Transmittals/downloads/A02123.pdf> on the CMS website.

CR4301, the official instruction issued to your FI or DMERC regarding the changes mentioned in this article, may be found by going to <http://www.cms.hhs.gov/Transmittals/downloads/R882CP.pdf> on the CMS web site. The revised portions on the Medicare Claims Processing Manual, which provide full details of these changes, are attached to CR4301.

The toll-free phone number for your local FI or DMERC may be found at <http://www.cms.hhs.gov/apps/contacts/> on the CMS website.