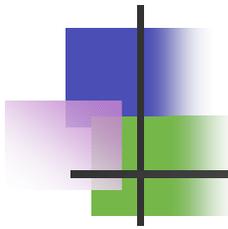


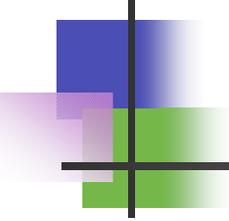
Competitive Acquisition Program (CAP) for Part B Drugs & Biologicals Physician ACT

June 12, 2006



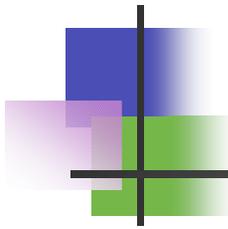
CAP Background

- Legislated by Section 303(d) of the Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003
 - Gives physicians a choice between buying and billing these drugs under the Average Sales Price (ASP) system or obtaining drugs from vendors selected in a competitive bidding process



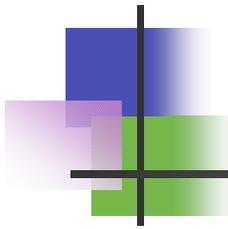
CAP Drugs

- Includes most, but not all, injectable and infused Part B drugs most commonly provided by physicians “incident to” an office visit
- Participating CAP physician must receive all CAP drugs from the approved CAP vendor selected
 - Only exception is “Furnish as Written”
- New drugs can be added



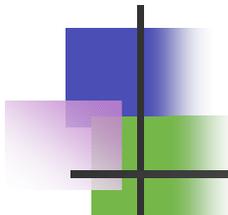
CAP Physician Eligibility

- Enrolled as a Medicare Part B provider with authority to prescribe or order Medicare Part B drugs
- Provides Part B drugs incident to a physician's service in an office setting
- If a group elects to participate in CAP, all members of the group must elect CAP if the members have reassigned benefits to the group and are billing under the group PIN



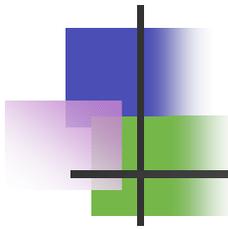
CAP Timeline 2006

- Vendor Selection
 - BioScrip, Inc chosen as the initial CAP vendor - April 21, 2006
- Initial Physician Election Period
 - May 8, 2006 – June 2, 2006
- Extended Physician Election Period
 - June 3, 2006 – June 30, 2006
- CAP Claims Processing
 - Begins July 1, 2006
- Annual Physician Election
 - October 1 – November 15



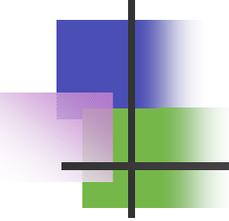
CAP Physician Election

- Provider participation is voluntary
- Initial election period: May 8-June 2
- Initial CAP agreement period is July 1 – December 31, 2006
- Subsequent election periods (45 days) will begin each fall, with a January 1 – December 31 agreement period
- New physicians enrolling in Medicare have 90 days from the date of their enrollment to choose to participate in CAP



Extended Physician Election Period

- June 3, 2006 – June 30, 2006
- Election form postmarked by June 30, 2006
- Physicians who enroll June 3 – June 30 will begin CAP participation on **August 1, 2006**
- Mail election forms to local carrier
 - Addresses for local carriers can be found at:
www.cms.hhs.gov/CompetitiveAcquisforBios/02_infophys.asp
 - Use the carrier address
 - Found in the downloads section of the above page

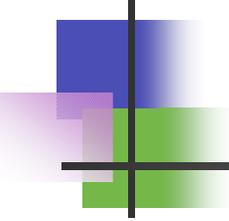


Terms of Agreement for Participating in CAP

- In choosing to participate in CAP, physician is agreeing to:
 - Bill drug administration within 14 days of administration date
 - Accept assignment on the administration of the drug
 - Pursue appeals
 - Comply with furnish as written and replacement provisions
 - Submit a written order and maintain separate inventory
 - Not to transport drugs from one location to another
 - Give the beneficiary the CMS developed fact sheet

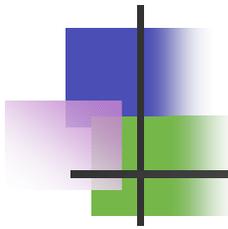
*See the CAP Physician Election Agreement for more information on the CAP Participating Physician Requirements

www.cms.hhs.gov/CompetitiveAcquisforBios/02_infophys.asp



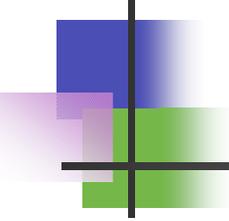
Fact Sheet for Beneficiaries

- Participating physicians in CAP are required to provide the CAP beneficiary Fact Sheet to Medicare beneficiaries who receive CAP drugs
- Fact Sheet available in English and Spanish on CMS website in the downloads section
 - www.cms.hhs.gov/CompetitiveAcquisforBios/02_in_fophys.asp
- NOTE: Railroad, United Mine Workers or Medicare Advantage beneficiaries are excluded from CAP



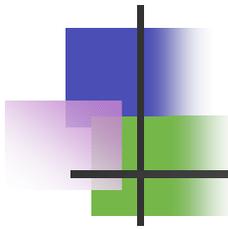
CAP Drug Shipments

- Continental United States, Alaska, Hawaii, US Virgin Islands, Puerto Rico:
 - Routine deliveries: 2 business days
 - Emergency deliveries: 1 business day
- Guam, American Samoa and the Northern Mariana Islands:
 - Routine deliveries: 7 business days
 - Emergency deliveries: 5 business days



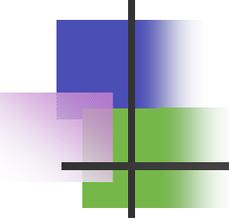
Ask the Contractor Teleconference

- First ACT for CAP held May 11, 2006
 - Audio available on CMS web site in the downloads section:
[www.cms.hhs.gov/CompetitiveAcquisforBios/
02_infophys.asp](http://www.cms.hhs.gov/CompetitiveAcquisforBios/02_infophys.asp)



CAP Change Requests

- #4309 (R839CP) – Issued 12/9/05
 - General Requirements
- #4306 (R841CP) – Issued 2/6/06
 - Screen Expansion
- #4064 (R77CP) – Issued 2/6/06
 - General Coding Requirements
- #4404 (R932CP) – Issued 4/28/06
 - Physician Election
- #5079 (R953CP) – Issued 5/18/06
 - Adding New Drugs to the Program



CAP Websites

- CMS CAP Website

- www.cms.hhs.gov/CompetitiveAcquisforBios/

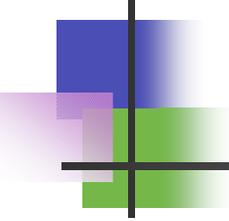
- Information for physicians
 - Approved CAP Vendor-Link to BioScrip website
 - Links to regulations and notices
 - CAP Physician Election Agreement in the downloads section

- www.cms.hhs.gov/CompetitiveAcquisforBios/02_infophys.asp

- NAS Website

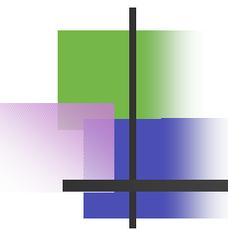
- www.noridianmedicare.com/cap_drug

- Information for vendors
 - Information for physicians – Link to CMS website

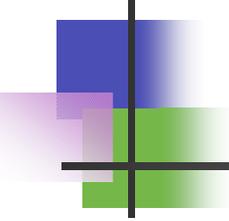


Key Points for Physician Election

- Review CAP physician election agreement on CMS website
- Review NDC list to determine which forms of drugs will be provided
- If choosing to participate, **download and complete physician election agreement and mail to physician's local carrier**
 - Postmarked by June 2, 2006 - Participation begins July 1, 2006
 - Extended period June 3 – June 30 - Participation begins August 1, 2006
- Ensure all group members are listed on election agreement if group chooses to participate

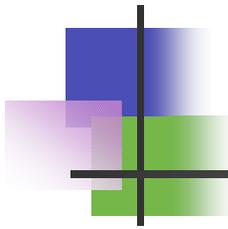


Additional CAP Information



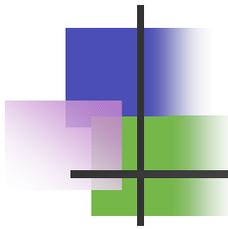
CAP “Furnish as Written”

- Medical necessity requires a beneficiary to have a specific NDC for a CAP drug, but the NDC is not available from the CAP physician’s selected CAP vendor
 - Physician bills J3 “FAW” modifier
 - Obtain drug through the buy and bill method and bills drug to the local carrier under ASP
- CAP physician maintains documentation of medical necessity that can be reviewed by the local carrier upon request



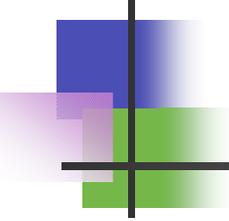
CAP Emergency Resupply

- In an emergency situation, the participating CAP physician can use a drug from his/her own inventory and, after administration, replace the drug by ordering it from his/her approved CAP vendor using the J2 modifier



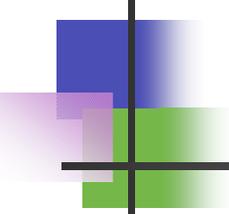
CAP Emergency Resupply

- Emergency is determined by the CAP physician's clinical judgment that the:
 - Drug was needed immediately
 - Need for the drug could not have been anticipated
 - Vendor could not have delivered the drug in a timely manner, and
 - Drug was administered in an emergency situation
- CAP physician maintains documentation of medical necessity that can be reviewed by the local carrier upon request



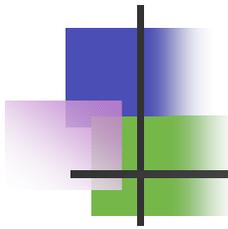
CAP Emergency Resupply

- CAP physician maintains documentation of need for emergency resupply
- Local carrier may conduct a post payment review to assess appropriate use of this provision



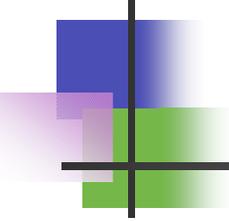
CAP Unused Drugs

- Remainder of opened, partially used single-use vials can be billed under the CAP program if the participating CAP physician made good faith efforts to minimize unused portion in how they scheduled patients, ordered, accepted, stored and used the drug
- Does not apply to unused portion of multiple use vials
- This is consistent with ASP policy for unused drugs
- If the local carrier requires the JW modifier for unused drugs, then the J1 no pay modifier must also be used or claim will be returned as unprocessable



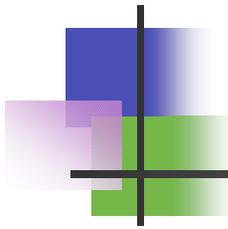
Billing CAP Claims

- Approved CAP vendors submit claims to Designated Carrier (NAS) for CAP drugs
- Approved CAP vendors collect applicable deductible and co-insurance
- Participating CAP physicians submit claims to Local Carrier for CAP drug administration



Physician Billing-Modifiers

- J1 - “No pay” modifier for drug line
 - Must always be billed in first position
 - Used for drug administration claims
- J2 - Emergency Resupply
 - Must also bill J1 on the same line item
- J3 - “Furnish as Written”
- JW - Unused Drugs
 - This modifier may not be used by all carriers



CAP Claim Submission

- CAP vendor claims will not be paid until there is a match with the prescription order number on the administration claim in the Common Working File (CWF) with the vendors claim for the drug
- Drug administration claim will include:
 - Claim line for CAP drug administration
 - No pay claim line for each drug with J1 (No Pay) modifier
 - Prescription # in Item 19 or electronic equivalent (2410 loop, REF02 (REF01=XZ))
 - NDC also required (2410 loop, LIN03 (LIN02=N4))