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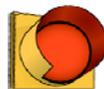
Note: This article was updated on February 4, 2013, to reflect current Web addresses. All other information remains unchanged.

MMA – April 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File, Effective April 1, 2005, and New January 2005 Quarterly ASP File

Provider Types Affected

All Medicare providers

Provider Action Needed



STOP – Impact to You

CR3667 discusses updates to the new methodology of paying for Medicare Part B covered drugs not paid on the basis of cost or prospective payment.



CAUTION – What You Need to Know

Effective January 1, 2005, Part B covered drugs and biologicals (that are not paid on a cost or prospective payment basis) are paid based on the new Average Sales Price (ASP) drug payment system, described below.



GO – What You Need to Do

Make sure that your billing staffs are aware of these changes.

Background

The Medicare Modernization Act of 2003 (MMA), Section 303(c), revises the methodology of paying for Part B covered drugs and biologicals that are not paid on a cost or prospective payment basis. Effective January 1, 2005, these drugs are paid based on the new Average Sales Price (ASP) drug payment methodology.

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The ASP file, used in the ASP methodology, is based on data CMS receives quarterly from manufacturers. Each quarter, the Centers for Medicare & Medicaid Services (CMS) will update your carrier and fiscal intermediary (FI) payment allowance limits with the ASP drug pricing files based on these manufacturers' data.

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, and CMS will update the payment allowance limits quarterly. However, there are exceptions to this general rule as summarized below:

- For **blood and blood products** (with certain exceptions like blood clotting factors), payment allowance limits are determined in the same manner they were determined on October 1, 2003. Specifically, the payment allowance limits for blood and blood products are 95 percent of the Average Wholesale Price (AWP) as reflected in the published compendia. The payment allowance limits will be updated on a quarterly basis.
- For **infusion drugs** furnished through a covered item of Durable Medical Equipment (DME) on or after January 1, 2005, payment allowance limits will continue to be 95 percent of the AWP reflected in the published compendia as of October 1, 2003 regardless of whether or not the DME is implanted. The payment allowance limits will not be updated in 2005.
- For **influenza, pneumococcal, and hepatitis B vaccines** payment allowance limits are 95 percent of the AWP as reflected in the published compendia. The payment allowance limits will be updated on a quarterly basis.
- For **drugs, other than new drugs, not included in the ASP Medicare Part B Drug Pricing File or Not Otherwise Classified (NOC) Pricing File** payment allowance limits are based on the published Wholesale Acquisition Cost (WAC) or invoice pricing.

In determining the payment limit based on WAC, carriers/FIs will follow the methodology specified in the Medicare Claims Processing Manual for calculating the AWP, but substitute WAC for AWP. Please see Pub. 100-04, Chapter 17 (Drugs and Biologicals) at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c17.pdf> on the CMS website.

The payment limit is 100 percent of the WAC for the lesser of the lowest brand or median generic. Your carrier or FI may, at their discretion, contact CMS to obtain payment limits for drugs not included in the quarterly ASP or NOC files. If available, CMS will provide the payment limits either directly to the requesting carrier/FI or via posting an MS Excel file on the CMS web site. If

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the payment limit is available from CMS, carriers/FIs will substitute CMS-provided payment limits for pricing based on WAC or invoice pricing.

- For new drugs and biologicals not included in the ASP Medicare Part B Drug Pricing File or NOC Pricing File, payment allowance limits are based on 106 percent of the WAC. This policy applies only to new drugs that were first sold on or after December 1, 2004.

The April 2005 and new January 2005 ASP drug pricing files will contain three decimal places in the currency fields. In addition, the new January file contains revised payment limits for some drugs. The codes with a revised payment limit are identified in the column titled "Notes."

The absence or presence of a HCPCS code and its associated payment limit in the pricing files do not indicate Medicare coverage of the drug. Similarly, the inclusion of a payment limit within a specific column does not indicate Medicare coverage of the drug in that specific category. The carrier/FI processing your claim will make these determinations.

In addition, your carrier or FI is required to accomplish the following:

- Use the April 2005 ASP and NOC drug pricing files to pay for Medicare Part B drugs effective April 1, 2005. This file must be used for dates of service from April 1, 2005 through June 30, 2005;
- Determine for any drug or biological not listed in the ASP or NOC drug pricing files, the payment allowance limits in accordance with the policies described in this transmittal, CR3539, dated October 29, 2004 (see <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R348CP.pdf>), and CR3232, dated December 16, 2004 (see <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R397CP.pdf>), and FIs should seek payment allowances from their local carrier;
- Use the new January 2005 ASP drug pricing file for (1) those claims where the carriers/FIs are asked to retroactively adjust claims processed with the original January 2005 file and (2) those claims with dates of service on or after January 1, 2005 and before April 1, 2005 that are processed after April 4, 2005. Your carrier or FI shall not search and adjust claims that have already been processed unless brought to their attention;
- Overlay the old January 2005 file with the new January 2005 file; and
- For any drug or biological for which they (your carrier or FI) calculates a payment allowance limit, forward to CMS the following:
 - The drug name,
 - Dosage,

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- Payment allowance limit, and
- National Drug Code (if available).

Note: The ASP and NOC drug pricing files will contain the 106 percent ASP, 106 percent WAC or WAC based payment allowance limits; therefore, no additional payment calculation is required by your carrier or FI. The payment limits for the blood clotting factor codes includes the \$0.14 per I.U. furnishing fee

Additional Information

The new January 2005 and April 2005 ASP and NOC Pricing Files are available on or after March 17, 2005 at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/index.html?redirect=/McrPartBDrugAvgSalesPrice/> on the CMS website.

You can find more information about the April 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File, Effective April 1, 2005, and New January 2005 Quarterly ASP File at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R480CP.pdf> on the CMS website.

If you have any questions, please contact your carrier/intermediary at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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