

MLN Matters®

Information for Medicare Fee-For-Service Health Care Professionals

Related Change Request (CR) #: 3846

MLN Matters Number: MM3846

Related CR Release Date: May 13, 2005

Related CR Transmittal #: 561

Effective Date: April 1, 2005

Implementation Date: July 5, 2005

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

Note: This article was updated on March 28, 2013, to reflect current Web addresses. All other information remains unchanged

Provider Types Affected

All Medicare providers billing Medicare carriers, including Durable Medical Equipment Regional Carriers (DMERCs) and Fiscal Intermediaries (FIs)

Provider Action Needed



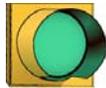
STOP – Impact to You

CR 3846 revises payment allowance limits in the January 2005 and the April 2005 drug pricing files. For the codes listed below, the revised payment limits supersede the payment limits cited in any previously published document.



CAUTION – What You Need to Know

Effective 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 Average Sales Price (ASP).



GO – What You Need to Do

Make sure that your billing staffs are aware of these changes

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Background

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

The ASP file, used in the ASP methodology, is based on data that CMS receives quarterly from manufacturers. Each quarter, 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. However, you should be aware that 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 quarterly;
- 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.

Note: For infusion drugs (furnished through a covered item of durable medical equipment) that were not listed in the published compendia as of October 1, 2003 (i.e., new drugs), the payment allowance limits are 95 percent of the first published AWP.

- 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 quarterly.
- 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 WAC-based payment limit, carriers/DMERCs/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 lesser of the lowest brand or median generic WAC.

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 will post them in an MS Excel file on the CMS web site. If the payment limit is available from CMS, carriers/FIs will substitute the CMS-provided payment limits for pricing based on WAC or invoice pricing.

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- 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 January 1, 2005.

Table 1 below displays the revised 1st Quarter 05 payment allowance limits for the indicated codes, effective for services provided on or after January 1, 2005.

Table 1

HCPCS	Short Description	HCPCS Code Dosage	1Q05 Payment Limit	1Q05 Independent ESRD Limit
90371	Hep B ig, im	1 ML	\$115.878	\$115.878
J2790	Rho d immune globulin, inj	300 MCG	\$101.733	\$101.733
J2792	Rho (D) immune globulin	100 IU	\$13.101	\$13.101
Q0187	NovoSeven	Per 1.2 MG	\$1,211.050	\$1,211.050

Table 2 below displays the revised 2nd Quarter 05 payment allowance limits for the indicated codes, effective for services provided on or after April 1, 2005.

Table 2

HCPCS	Short Description	HCPCS Code Dosage	2Q05 Payment Limit	2Q05 Independent ESRD Limit	2Q05 Vaccine Limit	2Q05 Blood Limit
90747	Hep B vacc, ill pat 4 dose im	40 MCG	\$113.915	\$113.915	\$113.915	
J0135	Adalimumab injection	20 MG	\$294.632	\$294.632		
J0287	Amphotericin b lipid complex	10 MG	\$11.724	\$11.724		
J0725	Chorionic gonadotropin	1000 UNITS	\$2.976	\$2.976		
J2597	Inj desmopressin acetate	1 MCG	\$2.493	\$2.493		
J7190	Factor viii	1 IU	\$0.641	\$0.641		
J7192	Factor viii recombinant	1 IU	\$1.063	\$1.063		
J7193	Factor IX non-recombinant	1 IU	\$0.882	\$0.882		
J7194	Factor ix complex	1 IU	\$0.650	\$0.650		
J7195	Factor IX recombinant	1 IU	\$0.982	\$0.982		
J7197	Antithrombin iii injection	1 IU	\$1.543	\$1.543		
J7198	Anti-inhibitor	1 IU	\$1.241	\$1.241		

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HCPCS	Short Description	HCPCS Code Dosage	2Q05 Payment Limit	2Q05 Independent ESRD Limit	2Q05 Vaccine Limit	2Q05 Blood Limit
J7344	Nonmetabolic active tissue	1 SQ CM	\$52.777	\$52.777		
J9098	Cytarabine liposome	10 MG	\$359.359	\$359.359		
J9245	Inj melphalan hydrochl	50 MG	\$513.694	\$513.694		
J9266	Pegaspargase single dose vial	1 EA	\$1,499.306	\$1,499.306		
P9041	Albumin (human),5%	50 ML	\$14.545	\$14.545		\$14.545
P9043	Plasma protein fraction, 5%	50 ML	\$14.545	\$14.545		\$14.545
P9046	Albumin (human), 25%	20 ML	\$14.545	\$14.545		\$14.545
P9048	Plasma protein fraction, 5%	250 ML	\$29.099	\$29.099		\$29.099
Q0187	NovoSeven	Per 1.2 MG	\$1,228.438	\$1,228.438		
Q2002	Elliotts b solution per ml	1ML	\$3.350	\$3.350		
Q2005	Corticoelin ovine triflutat	1 EA	\$379.067	\$379.067		
Q2012	Pegademase bovine	25 IU	\$158.048	\$158.048		
Q2018	Urofollitropin, 75 iu	75 IU	\$43.865	\$43.865		
Q9941	IVIG lyophil	1 G	\$38.735	\$38.735		
Q9942	IVIG lyophil	10 MG	\$0.387	\$0.387		
Q9943	IVIG non-lyophil	1 G	\$56.221	\$56.221		
Q9944	IVIG non-lyophil	10 MG	\$0.562	\$0.562		
Q9954	Oral MR contrast	100 ML	\$8.844	\$8.844		

Notice that J2910 is no longer included in the April 2005 pricing file.

You should note that the new April 2005 ASP drug pricing files will contain three decimal places in the currency fields. You can find more information on the April 2005 ASP data format in CR 3436, which instructs the carriers/DMERCs/FIs to accommodate 3 places after the decimal point, and to follow standard rounding procedure, round to 2 decimal places, after multiplying the number in the “units” field of the line item by the payment allowance applicable to the HCPCS code.

You should also note that the absence or presence of a HCPCS code and its associated payment limit in the payment files do not indicate Medicare coverage of the drug or biological. Nor does inclusion of a payment limit within a specific column indicate Medicare coverage of the drug in that specific category. The carrier/DMERC/FI processing your claim will make these determinations.

To comply with these requirements, your carrier, DMERC, or FI will:

- Use the new April 2005 ASP drug pricing file to pay for Medicare Part B drugs, effective April 1, 2005 for dates of service from April 1, 2005 through June 30, 2005;

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- 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 CR3232, dated December 16, 2004 (corrected). See <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R397CP.pdf> on the CMS website.
- Use the new April 2005 ASP drug pricing file for (1) those claims where the provider asks the carrier/DMERC/FI to retroactively adjust claims processed with the original April 2005 file, and (2) those claims with dates of service on or after April 1, 2005 and before July 1, 2005 that are processed after July 4, 2005. Your carrier or FI will not search and adjust claims that have already been processed unless brought to their attention;

Additional Information

The new April 2005 and revisions to the January ASP Pricing Files are available at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/index.html> on the CMS website.

For complete details of CR 3846, on which this article is based, please see the official instruction issued to your FI/intermediary regarding this change. That instruction may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R561CP.pdf> on the CMS website.

Finally, if you have any questions, please contact your carrier/DMERC/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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