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Implementation Date: April 5, 2004

MMA - April 2004 Changes to the Hospital Outpatient Prospective Payment System (OPPS): Payment for Drugs, Biologicals and Radiopharmaceuticals, Generic versus Brand Name

Note: This article was updated on April 22, 2013, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Hospitals subject to the OPSS

Provider Action Needed



STOP

This article describes changes to the OPSS for payment of drugs, biologicals, and radiopharmaceuticals, brand name versus generic.



CAUTION

This instruction addresses coding and payment for innovator multiple-source drugs (brand name drugs) and non-innovator multiple-source drugs (generic drugs), and it implements codes and payment amounts for brand name drugs that were not implemented in the January 1, 2004 OPSS update. The new codes implemented in the April 1, 2004 release are required to enable differentiation between the payment amount required under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) for a brand name drug and the payment amount required under the MMA for its generic form.



GO

Affected providers should be aware of the information in this article and take appropriate steps to assure correct billing to Medicare.

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Background

This instruction reflects changes resulting from enactment of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) on December 8, 2003, especially Section 621(a) of the Act. Also, it describes changes to the OPPS to be implemented on April 2004.

Three categories of drugs are mandated by the MMA (Section 621(a)) as the basis for payment of radiopharmaceuticals, drugs, and biologicals that had pass-through status on or before December 31, 2002 (“specified covered drugs”). These three categories of drugs are:

- Single source drugs (drugs for which there are no generic alternatives available on the market) are to be paid between 88 and 95 percent of the Average Wholesale Price (AWP) published in the Red Book on May 1, 2003;
- Innovator multiple-source drugs (drugs that have FDA New Drug Application approval and for which there exists generic alternatives on the market) are to be paid an amount not to exceed 68 percent of the May 1, 2003 AWP; and
- Non-Innovator multiple-source drugs (drugs that do not have FDA New Drug Application approval and are, in effect, generic drugs) are to be paid an amount not to exceed 46 percent of the May 1, 2003 AWP.

To describe and set payment amounts for the brand name form of specified covered drugs affected by the MMA requirements, new HCPCS alphanumeric C-codes and new APCs are being implemented by this instruction.

The descriptors for the new alphanumeric C-codes include “brand name” to distinguish the new C-codes from existing HCPCS codes, which generally describe the chemical designation of the product without identifying whether the drug is a brand name or generic drug.

The specified covered drugs for which there exists both a generic and a brand name form are identified in Table 1. Also, for each multiple-source specified covered drug, biological, or radiopharmaceutical whose payment is affected by MMA, Table 1 includes the HCPCS code, APC, Descriptor, Status Indicator, and Payment Rate for both the generic and the brand name forms.

Table 1 - Specified Covered Drugs for Which There Exists Both a Generic and Brand Name Form

Codes and Payment Rates for Generic Products						Codes and Payment Rates for Brand Name Products					
HCPCS (Generic)	SI	APC (Generic)	Description (Generic)	Payment Rate (Generic)	Copay (Generic)	HCPCS (Brand)	SI	APC	Description (Brand)	Payment Rate (Brand)	Copay (Brand)
A9505	K	1603	Thallous chloride TL 201/mci	\$18.29	\$3.66	C9400	K	9400	Thallous chloride, brand	\$19.89	\$3.98
A9517	K	1064	Th I131 so iodide cap millic	\$5.48	\$1.10	C9402	K	9402	Th I131 so iodide cap, brand	\$5.48	\$1.10
A9528	K	1064	Dx I131 so iodide cap millic	\$5.48	\$1.10	C9403	K	9403	Dx I131 so iodide cap, brand	\$5.48	\$1.10

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Codes and Payment Rates for Generic Products						Codes and Payment Rates for Brand Name Products					
HCPCS (Generic)	SI	APC (Generic)	Description (Generic)	Payment Rate (Generic)	Copay (Generic)	HCPCS (Brand)	SI	APC	Description (Brand)	Payment Rate (Brand)	Copay (Brand)
A9529	K	1065	Dx I131 so iodide sol millic	\$6.49	\$1.30	C9404	K	9404	Dx I131 so iodide sol, brand	\$6.49	\$1.30
A9530	K	1065	Th I131 so iodide sol millic	\$6.49	\$1.30	C9405	K	9405	Th I131 so iodide sol, brand	\$6.49	\$1.30
C1775	K	1775	FDG, per dose (4-40 mCi/ml)	\$324.48	\$64.90	C9408	K	9408	FDG, brand, per dose	\$324.48	\$64.90
J1190	K	0726	Dexrazoxane HCl injection	\$112.48	\$22.50	C9410	K	9410	Dexrazoxane HCl inj, brand	\$112.48	\$22.50
J2430	K	0730	Pamidronate disodium /30 MG	\$128.74	\$25.75	C9411	K	9411	Pamidronate disodium, brand	\$174.32	\$34.86
J7310	K	0913	Ganciclovir long act implant	\$86.54	\$17.31	C9412	K	9412	Ganciclovir implant, brand	\$86.54	\$17.31
J7317	K	7316	Sodium hyaluronate injection	\$67.16	\$13.43	C9413	K	9413	Sodium hyaluronate inj, brand	\$99.29	\$19.86
J7502	K	0888	Cyclosporine oral 100 mg	\$2.41	\$0.48	C9438	K	9438	Cyclosporine oral, brand	\$2.56	\$0.51
J8560	K	0802	Etoposide oral 50 MG	\$21.91	\$4.38	C9414	K	9414	Etoposide oral, brand	\$27.37	\$5.47
J9000	K	0847	Doxorubic hcl 10 MG vl chemo	\$4.69	\$0.94	C9415	K	9415	Doxorubic hcl chemo, brand	\$6.61	\$1.32
J9031	K	0809	Bcg live intravesical vac	\$77.54	\$15.51	C9416	K	9416	Bcg live intravesical, brand	\$103.75	\$20.75
J9040	K	0857	Bleomycin sulfate injection	\$88.32	\$17.66	C9417	K	9417	Bleomycin sulfate inj, brand	\$130.56	\$26.11
J9060	K	0813	Cisplatin 10 MG injection	\$7.73	\$1.55	C9418	K	9418	Cisplatin inj, brand	\$11.42	\$2.28
J9065	K	0858	Inj cladribine per 1 MG	\$24.84	\$4.97	C9419	K	9419	Inj cladribine, brand	\$36.72	\$7.34
J9070	K	0815	Cyclophosphamide 100 MG inj	\$2.77	\$0.55	C9420	K	9420	Cyclophosphamide inj, brand	\$4.10	\$0.82
J9093	K	0816	Cyclophosphamide lyophilized	\$2.36	\$0.47	C9421	K	9421	Cyclophosphamide lyo, brand	\$3.50	\$0.70
J9100	K	0817	Cytarabine hcl 100 MG inj	\$1.55	\$0.31	C9422	K	9422	Cytarabine hcl inj, brand	\$2.28	\$0.46

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Codes and Payment Rates for Generic Products						Codes and Payment Rates for Brand Name Products					
HCPCS (Generic)	SI	APC (Generic)	Description (Generic)	Payment Rate (Generic)	Copay (Generic)	HCPCS (Brand)	SI	APC	Description (Brand)	Payment Rate (Brand)	Copay (Brand)
J9130	K	0819	Dacarbazine 100 mg inj	\$5.31	\$1.06	C9423	K	9423	Dacarbazine inj, brand	\$5.31	\$1.06
J9150	K	0820	Daunorubicin	\$35.94	\$7.19	C9424	K	9424	Daunorubicin, brand	\$53.14	\$10.63
J9181	K	0824	Etoposide 10 MG inj	\$0.83	\$0.17	C9425	K	9425	Etoposide inj, brand	\$1.22	\$0.24
J9200	K	0827	Floxuridine injection	\$66.24	\$13.25	C9426	K	9426	Floxuridine inj, brand	\$97.92	\$19.58
J9208	K	0831	Ifosfomide injection	\$72.81	\$14.56	C9427	K	9427	Ifosfomide inj, brand	\$106.04	\$21.21
J9209	K	0732	Mesna injection	\$17.66	\$3.53	C9428	K	9428	Mesna injection, brand	\$26.11	\$5.22
J9211	K	0832	Idarubicin hcl injection	\$178.21	\$35.64	C9429	K	9429	Idarubicin hcl inj, brand	\$178.21	\$35.64
J9218	K	0861	Leuprolide acetate injeciton	\$14.48	\$2.90	C9430	K	9430	Leuprolide acetate inj, brand	\$21.41	\$4.28
J9265	K	0863	Paclitaxel injection	\$79.04	\$15.81	C9431	K	9431	Paclitaxel inj, brand	\$112.14	\$22.43
J9280	K	0862	Mitomycin 5 MG inj	\$30.91	\$6.18	C9432	K	9432	Mitomycin inj, brand	\$45.70	\$9.14
J9340	K	0851	Thiotepa injection	\$45.31	\$9.06	C9433	K	9433	Thiotepa inj, brand	\$59.93	\$11.99
Q3002	K	1619	Gallium ga 67	\$11.22	\$2.24	C9434	K	9434	Gallium ga 67, brand	\$11.22	\$2.24

For specified covered drugs (brand name and generic), biologicals, and radiopharmaceuticals furnished on or after January 1, 2004 through March 31, 2004, the following applies before April 1, 2004:

- For billing, hospitals shall report the existing HCPCS code for the drug, biological, or radiopharmaceutical, regardless of whether a brand name or a generic product was administered.
- Claims for services during this period reporting the new C-codes for brand name drugs cannot be processed for payment and will be returned to the provider.
- Payment of claims for services during this period will be based on the amount required by the MMA for the generic product reflected in CMS' prices in the January 1, 2004 PRICER.

For specified covered brand name and generic drugs, biologicals, and radiopharmaceuticals furnished on or after April 1, 2004, the following applies as of April 1, 2004:

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- For billing, hospitals shall report the appropriate existing HCPCS code listed in Table 1 when the generic form of a product is furnished and hospitals shall report the appropriate new C-code listed in Table 1 when the brand name form of a product is furnished.
- The payment amount for innovator multiple-source products (brand name products) are paid an amount not to exceed 68 percent of the May 1, 2003 AWP and non-innovator multiple-source products (generic products) are paid an amount not to exceed 46 percent of the May 1, 2003 AWP.

As of April 5, 2004, to receive appropriate payment for specified covered brand name drugs, hospitals may submit an adjustment bill utilizing the new C-code for a brand name drug (administered on or after January 1, 2004 through March 31, 2004) that was processed to payment prior to April 5.

The C-codes and payment amounts implemented by this instruction apply ONLY to payments under the OPSS. Hospitals that are not paid under the OPSS should continue to bill and be paid for the drugs, and biologicals and radiopharmaceuticals using existing billing and payment methods.

Coding and payment for sole source drugs under the OPSS is addressed in the January 6, 2004 interim final rule with comment period and in a separate notification issuance.

Related Instructions

Information on the Hospital Outpatient Prospective Payment System can be found at http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/index.html/HospitalOutpatientPPS/01_overview.asp#TopOfPage on the CMS website.

For more information about the HCPCS, visit <http://www.cms.gov/Medicare/Coding/MedHCPCSGenInfo/index.html/MedHCPCSGenInfo/> on the CMS website.

The official instruction issued to your carrier regarding this change may be found by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R112CP.pdf> on the CMS website.

If you have any questions, please contact your 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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