

	<p><b>Flu Shot Reminder</b></p> <p>September is the perfect time to start talking with your patients about getting the flu shot. Medicare provides coverage for the flu vaccine and its administration. Please encourage your Medicare patients to take advantage of this vital benefit. And don't forget – health care professionals and their staff benefit from the flu vaccine also. <b>Protect Yourself. Protect Your Patients. Get Your Flu Shot.</b></p>
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Related Change Requests (CRs) #: CR4309, CR4064

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**Note:** This article was updated on October 10, 2012, to reflect current Web addresses. All other information remains unchanged.

## Clarification of Requirements for the Competitive Acquisition Program (CAP) for Part B Drugs and Biologicals

### Provider Types Affected

Physicians participating in the CAP for Part B Drugs and Biologicals

### Provider Action Needed



#### STOP – Impact to You

The Centers for Medicare & Medicaid Services (CMS) has determined, through analysis, common problems with claims submitted by participating CAP physicians for the administration of drugs covered under the CAP.

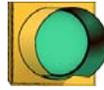


#### CAUTION – What You Need to Know

You need to submit claims for drug administration services to your local carrier **within 14 calendar days** of the administration of the CAP drug. The claims **must** include a no-pay claim line for the CAP drug including the appropriate CAP modifier(s), the approved CAP vendor provided prescription order number, and a billed charge greater than \$0 for the drug. The no-pay claim line for the CAP drug and the claim line for its administration **must** be included on the same claim.

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## GO – What You Need to Do

Read on for further details.

## Background

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The Centers for Medicare & Medicaid Services (CMS) has issued Transmittal 866, Change Request 4309, MLN Matters Article MM4309 and Transmittal 761, Change Request 4064, MLN Matters Article MM4064 (December 2005), that provided information regarding the new requirements of the final rule for the Competitive Acquisition Program (CAP) for Medicare Part B drugs.

This article (SE0672) summarizes key requirements for submission of claims for the administration of drugs under the CAP. Following these requirements will allow correct and timely processing of your claims.

## Physician Billing – Key Requirements

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### *Submitting a claim within 14 days*

Physicians who have signed the CAP election form have agreed to **submit a claim to Medicare within 14 days of the administration of the CAP drug**. This facilitates timely payment to the approved CAP vendor.

Payment to the approved CAP vendor for the drug is conditioned on verification that the drug was administered to the Medicare beneficiary. Proof that the drug was administered is established by matching the participating CAP physician's claim for drug administration with the approved CAP vendor's claim for the drug in the Medicare claims processing system by means of a prescription order number on both claims. When they are matched in the claims processing system, the approved CAP vendor can be paid in full. Until drug administration is verified, the approved CAP vendor may not bill the beneficiary and/or his third party insurance for any applicable coinsurance and deductible.

### *CAP MODIFIER CODES*

The Medicare carrier will deny any physician Part B claims for drugs included in the CAP unless the appropriate CAP modifier codes are included when physicians submit claims to their carriers for the administration of CAP drugs. The CAP modifier codes are:

- J1 – Competitive Acquisition Program, no-pay submission for a prescription order number

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- J2 – Competitive Acquisition Program (CAP), restocking of drugs used in an emergency (as defined by the CAP).
- J3 – Competitive Acquisition Program (CAP), drug not available through CAP as written, reimbursed under average sales price (ASP) methodology.

### ***CAP PRESCRIPTION ORDER NUMBER***

Participating CAP physicians must use a prescription order number to identify each CAP drug administered. This number will be matched to the prescription order number(s) on the approved CAP vendor's claim as verification that the beneficiary received the drug(s) and that the approved CAP vendor may now be paid by Medicare. **The prescription order number will be found on the information sent to CAP physicians by the CAP vendor with their drug order.**

### ***GENERAL BILLING INFORMATION***

When physicians submit claims for the administration of CAP drug(s) to their carriers, they should include:

- A **prescription order number** for each CAP drug administered. On paper claims, the prescription order number is placed in **Item 19** on the CMS 1500 form. **If you bill electronically, make sure that billing software is current and transmits this information in the HIPAA 837 claim format;**
- The HCPCS code for each CAP drug administered along with the "J1" no pay modifier;
- The **billed charge** for the CAP drug administered, which must be **greater than \$0;**
- The HCPCS code(s) that include the administration of each CAP drug should be listed on **separate lines; and.**
- The CPT code for CAP drug administration and/or office visit associated with a CAP drug administration on the same claim as the CAP drug(s). (The administration services and the no-pay lines must be on the **same claim** or your carrier will return the claim as unprocessable and you will see a remittance advice reason code of 16 denoting "Claim lacks information which is needed for adjudication.")

### ***CAP DRUGS ADMINISTERED IN AN EMERGENCY SITUATION***

When physicians submit claims for the administration of CAP drug(s) that have been administered from their office stock in an emergency situation and are to be replaced by the approved CAP vendor, the claim should be submitted with the:

- **Prescription order number** for each CAP drug administered;
- HCPCS code for each administered CAP drug along with the "J1" no-pay modifier and also on that same line, the "J2" modifier denoting "Competitive Acquisition Program, (CAP) restocking of emergency drugs after emergency administration;"

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- The **billed charge** for the CAP drug administered, which must be **greater than \$0**; and
- The HCPCS code(s) that include the administration of each CAP drug which must be entered on separate lines of the **same claim** along with the CAP drug administered.

### ***CLAIMS FOR DRUGS OUTSIDE THE CAP PROGRAM***

When physicians submit claims for “**furnish as written**” drugs to be paid outside the CAP program:

- Physicians should use **only the “J3” modifier**, (no J1 or J2 modifier should be submitted in this situation), denoting “Competitive Acquisition Program (CAP) drug not available through CAP as written, reimbursed under the average sales price (ASP) methodology.” The J3 must be submitted with the HCPCS code for the drug along with the appropriate HCPCS code for the administration of that drug and the normal billed charges.

### ***CARRIER MONITORING***

The Medicare carrier will identify physicians who elected to participate in the CAP, will process claims and will make payment for drug administration services. Payment for CAP drugs will be made to the approved CAP vendor and not to the physician. Additionally, unless claims for CAP administration include the CAP drug no-pay, restocking, or “furnish as written” modifier, the claim will be denied and you will see a remittance advice, N348, stating that “You chose that this service/supply/drug be rendered/supplied and billed by a different practitioner/supplier.” Carriers will also monitor drugs:

- Obtained using the “furnish as written” provision to ensure that the participating CAP physician is complying with Medicare payment rules; and
- Ordered under the emergency replacement provision to ensure that the participating CAP physician is complying with Medicare payment rules, including the CAP definition of “emergency situation.”

### ***DEDICATED CAP LISTSERV***

CMS is in the process of establishing a specific CAP listserv, called CMS-CAP-PHYSICIANS-L, so that CAP physicians can receive pertinent and timely information regarding the CAP program. Please check back on the “**Information for Physicians CAP web page**” [http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/CompetitiveAcquisforBios/index.html/CompetitiveAcquisforBios/02\\_infophys.asp](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/CompetitiveAcquisforBios/index.html/CompetitiveAcquisforBios/02_infophys.asp) where you will be able to sign up for this listserv shortly.

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## Additional Information

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Physician billing information on the Competitive Acquisition Program (CAP) may be found at [http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/CompetitiveAcquisforBios/index.html/CompetitiveAcquisforBios/02\\_infophys.asp](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/CompetitiveAcquisforBios/index.html/CompetitiveAcquisforBios/02_infophys.asp) on the CMS website.

If you have any questions, please contact your carrier, 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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