

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 653

Department of Health &
Human Services (DHHS)

Center for Medicare &
Medicaid Services (CMS)

Date: AUGUST 19, 2005

Change Request 3992

SUBJECT: October 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File, Effective October 1, 2005 and Revisions to April 2005 and July 2005 Quarterly ASP Medicare Part B Drug Pricing File

I. SUMMARY OF CHANGES: This instruction informs Medicare contractors to download the October 2005, April 2005, and July 2005 ASP drug pricing file for Medicare Part B drugs.

NEW/REVISED MATERIAL :

EFFECTIVE DATE : April 1, 2005

IMPLEMENTATION DATE : October 3, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / SubSection / Title
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III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.

IV. ATTACHMENTS:

Recurring Update Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – Recurring Update Notification

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SUBJECT: October 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File, Effective October 1, 2005, and Revisions to April 2005 and July 2005 Quarterly ASP Medicare Part B Drug Pricing Files

I. GENERAL INFORMATION

A. Background: Section 303(c) of the Medicare Modernization Act of 2003 (MMA) revises the payment methodology for Part B covered drugs that are not paid on a cost or prospective payment basis. Per the MMA, beginning January 1, 2005, drugs and biologicals not paid on a cost or prospective payment basis will be paid based on the ASP methodology. The ASP methodology is based on quarterly data submitted to CMS by manufacturers. CMS will supply contractors with the ASP drug pricing files for Medicare Part B drugs on a quarterly basis.

B. Policy: 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. CMS will update the payment allowance limits quarterly. There are exceptions to this general rule as summarized below.

(1) The payment allowance limits for blood and blood products, with certain exceptions such as blood clotting factors, are determined in the same manner the payment allowance limits 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.

(2) The payment allowance limits for infusion drugs furnished through a covered item of durable medical equipment on or after January 1, 2005, 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 durable medical equipment is implanted. The payment allowance limits will not be updated in 2005. The payment allowance limits 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) are 95 percent of the first published AWP.

(3) The payment allowance limits for influenza, pneumococcal and hepatitis B vaccines are 95 percent of the AWP as reflected in the published compendia. The payment allowance limits will be updated on a quarterly basis.

(4) The payment allowance limits for drugs, other than new drugs, not included in the ASP Medicare Part B Drug Pricing File or Not Otherwise Classified (NOC) Pricing File are based on the published wholesale acquisition cost (WAC) or invoice pricing. In determining the payment limit based on WAC, the contractors follow the methodology specified in Chapter 17, Drugs and Biologicals, of the Medicare Claims Processing Internet Only Manual for calculating the Average Wholesale Price (AWP) but substitute WAC for AWP. The payment limit is 100 percent of the lesser of the lowest brand or median generic WAC. At the contractors' discretion, contractors may contact CMS to obtain payment limits for

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
	required by the Medicare contractors.									
3992.4	For any drug or biological not listed in the ASP or NOC drug pricing files, contractors shall determine the payment allowance limits in accordance with the policies described in this CR, CR 3667 dated February 25, 2005, CR 3539, dated October 29, 2004, and CR 3232, dated December 16, 2004 (corrected), and FIs should seek payment allowances from their local carrier.	X	X	X	X	X	X	X		
3992.5	At the contractors’ discretion, contractors may contact CMS to obtain payment limits for drugs not included in the quarterly ASP or NOC files or otherwise made available by CMS on the CMS Web site. If the payment limit is available from CMS, contractors shall substitute CMS-provided payment limits for pricing based on WAC or invoice pricing. Contractors shall contact CMS via E-mail at Sec303ASPdata@cms.hhs.gov . Contractors shall include “Pricing Request” in the subject line.	X	X	X	X	X	X	X		
3992.6	For any drug or biological for which a contractor calculates a payment allowance limit, the contractor shall forward the drug name, dosage, payment allowance limit, and National Drug Code (if available) to CMS for inclusion in the next quarterly update. Forward this information to marjorie.baldo@cms.hhs.gov .	X	X	X	X					
3992.7	Contractors shall use the new April 2005 ASP and NOC drug pricing files for (1) those claims where the contractors are asked to retroactively adjust claims processed with the previous April 2005 files and (2) those claims with dates of	X	X	X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
	service April 1, 2005 - June 30, 2005. Contractors shall not search and adjust claims that have already been processed unless brought to their attention.								
3992.8	Contractors shall overlay the previous April 2005 file with the new April 2005 file.	X	X	X	X				
3992.9	Contractors shall use the new July 2005 ASP and NOC drug pricing files for (1) those claims where the contractors are asked to retroactively adjust claims processed with the previous July 2005 file and (2) those claims with dates of service July 1, 2005 - September 30, 2005. Contractors shall not search and adjust claims that have already been processed unless brought to their attention.	X	X	X	X				
3992.10	Contractors shall overlay the previous July 2005 file with the new July 2005 file.								

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
3992.11	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive	X	X	X	X				

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
	notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.								

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: April 1, 2005</p> <p>Implementation Date: October 3, 2005</p> <p>Pre-Implementation Contact(s): Jennifer Fan 410-786-1100 or Marjorie Baldo at 410-786-7762</p> <p>Post-Implementation Contact(s): Appropriate Regional Office</p>	<p>No additional funding will be provided by CMS; Contractor activities shall be carried out within their FY 2005 operating budgets.</p>
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