



Information Partners Can Use on:

# Billing for Self-Administered Drugs Given in Outpatient Settings

**Medicare Prescription Drug Coverage**

**Revised February 2011**

People with Medicare often need self-administered drugs in hospital outpatient settings, like the emergency department, observation units, surgery centers, or pain clinics. Medicare Part B (Medical Insurance) only covers certain drugs in these settings, like drugs given by infusion. Medicare drug plans (Part D) may provide some limited reimbursement for self-administered drugs.

Generally, Medicare Part D plans will only be able to provide in-network reimbursement for self-administered prescription drugs that meet the following criteria:

- They're covered on the Part D plan's formulary (or covered by an exception).
- They aren't routinely obtained from out-of-network providers, such as the hospital or emergency department.
- They couldn't have been reasonably obtained through an in-network pharmacy.
- They're supported by receipts and documentation.

## What hospitals should know about Part D and self-administered drugs

- Hospitals should bill people enrolled in Medicare drug plans for self-administered drugs if the drugs aren't covered under Medicare Part A (Hospital Insurance) or Part B.
- Only hospitals with pharmacies that dispense prescriptions to outpatients and have contracts with Medicare drug plans should bill those contracted plans directly as in-network pharmacies.
- Part D may present some challenges for hospital pharmacies to become in-network Part D pharmacies. These challenges include electronic claims billing and the use of formularies. However, hospital outpatient pharmacies may consider participation as a network pharmacy and can learn more by visiting [http://www.cms.gov/PrescriptionDrugCovContra/11\\_PartDContacts.asp#TopOfPage](http://www.cms.gov/PrescriptionDrugCovContra/11_PartDContacts.asp#TopOfPage) and reviewing the pharmacy contracting contact list.



## **How people enrolled in Medicare drug plans (Part D) (enrollees) are reimbursed for self-administered drugs**

- When a Medicare drug plan enrollee pays out-of-pocket for self-administered drugs, and the criteria listed above are satisfied, he or she may submit a paper claim to the plan for reimbursement. The enrollee should follow the drug plan enrollment materials or call the plan for information about submitting a claim. The enrollee may be asked to explain the reason for the hospital visit.
- If reimbursement is appropriate, the Medicare drug plan may only reimburse the enrollee the in-network cost for the drug minus any deductibles, copayments, or coinsurance that would normally be charged for the drug.
- Generally, the enrollee is responsible for the difference between what the hospital charged and what the Medicare drug plan paid. The total amount paid by the enrollee counts towards that person's true-out-of-pocket costs if the plan's rules are met and the plan receives proper documentation.

## **Medigap (Medicare Supplement Insurance) policies**

For people with Medicare who have prescription drug coverage through a Medigap policy and who haven't joined a Medicare Prescription Drug Plan, hospitals should continue to follow the prescription drug claims procedures for Medigap policies.

**For American Indian and Alaska Natives:** Contact your Indian health care provider for more information.