

The Most Favored Nation (MFN) Model: Billing Information

- Center for Medicare and Medicaid Innovation (CMMI)
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Disclaimer: The contents of this document do not have the force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under the law.



Overview

The design of the MFN Model includes several key elements:

- Model Drug Payment
 - MFN Price: phased-in over 4 years
 - Alternative to ASP-based add-on payments
- Mandatory, nationwide model
- 7-year model: the model will operate for seven years, from January 1, 2021, to December 31, 2027

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Participants

The MFN Model requires participation by each Medicare-participating provider and supplier that submits a claim for a separately payable drug that is an MFN Model drug furnished to an MFN beneficiary in all states and the U.S. territories. (Certain claims are excluded as noted in § 513.100(d).)

Examples of MFN participants include:

- Medicare-participating physicians and non-physician practitioners;
- Supplier groups (such as group practices);
- Hospital outpatient departments (HOPDs), including 340B covered entities;
- Ambulatory surgical centers (ASCs).

Certain types of providers and suppliers will not participate in the model, as described in § 513.100(c).

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MFN Drug Payment Amounts for Performance Year 1, Quarter 1 (Jan-Mar 2021)

The MFN Model Drug HCPCS Codes List is available at:
<https://innovation.cms.gov/media/document/mfn-model-drug-hcps-codes-list-eff-jan2021>

The MFN Drug Payment Amounts for performance year 1, quarter 1 are available at:
<https://innovation.cms.gov/media/document/jan2021-mfn-model-pricing-file-12102020>

See Appendix A for more details.

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MFN Alternative Add-On Payment Amount for Performance Year 1, Quarter 1 (Jan-Mar 2021)

- The per-dose alternative add-on payment amount for performance year 1, quarter 1 is \$148.73 per dose of an MFN Model drug.
- There is no beneficiary cost-sharing for the MFN add-on payment.
- The payment amount will be updated quarterly using a cumulative inflationary factor in accordance with § 513.220(c).
- The quarterly payment amount will be included on the MFN Model Drug Pricing File posted on the MFN Model website on a quarterly basis.

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Billing for MFN Model Drugs

- Claims for MFN Model drugs should be submitted using the appropriate HCPCS code.
- Medicare claims processing systems will apply the MFN Drug Payment Amount, or the non-model payment amount if it is lower (e.g., ASP-22.5% when the JG modifier is submitted).

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Billing for the MFN Alternative Add-On Payment

- Participants will use the new HCPCS code M1145 (MFN drug add-on, per dose) to bill for the alternative add-on payment amount for each dose of an MFN Model drug that is billed on the claim.
- Per dose means a claim line for an MFN Model drug.
- Line items for M1145 must include a billed amount/charge; entities paid under the Outpatient Prospective Payment System may use a token charge; for others, the claims system will apply the lesser of the allowed amount or the billed amount.
- Do not bill the MFN alternative add-on payment for claim lines with the JW modifier, indicating the amount of drug that is discarded and eligible for payment under the discarded drug policy.
- Do not bill the MFN alternative add-on payment for drug claim lines that are not included on the MFN Model Drug HCPCS Codes List.

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Questions?

- Contact the MFN Model Help Desk for general questions:
MFN@cms.hhs.gov
- Contact your MAC for billing and payment questions related to specific claims
- The MFN Model website is available here:
<https://innovation.cms.gov/innovation-models/most-favored-nation-model>
- The MFN Model interim final rule with comment period is available here: <https://www.federalregister.gov/documents/2020/11/27/2020-26037/most-favored-nation-mfn-model>

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Appendix A: MFN Drug Payment Amount

- The MFN Price is the lowest GDP-adjusted country-level price of the countries specified in § 513.140(b).
- Applicable ASP means the payment amount determined in accordance with section 1847A of the Act for a quarter minus the applicable add-on percentage (e.g., 100% ASP).
- The MFN Drug Payment Amount is a blend of the applicable ASP and the MFN Price, phased in over the course of the model
- For the first quarter of 2021, the MFN Drug Payment Amount is a blend of 75 percent of the applicable ASP and 25 percent of the MFN Price.
- Similar to the current Part B payment process, payment limits are updated quarterly and may be revised for prior quarters

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