

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 715

Department of Health &
Human Services (DHHS)

Centers for Medicare &
Medicaid Services (CMS)

Date: OCTOBER 21, 2005
CHANGE REQUEST 3985

SUBJECT: New Designated Competitive Acquisition Program (CAP) Carrier Contractor ID Numbers

I. SUMMARY OF CHANGES: A new contractor ID number and a new BSI have been assigned for the designated carrier for the CAP for Medicare Part B drugs and biologicals.

NEW/REVISED MATERIAL

EFFECTIVE DATE: April 1, 2006

IMPLEMENTATION DATE: April 3, 2006

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/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment - One-Time Notification

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SUBJECT: New Designated Competitive Acquisition Program (CAP) Carrier Contractor ID Number

I. GENERAL INFORMATION

A. Background: Section 303 (d) of the Medicare Prescription Improvement and Modernization Act of 2003 requires the implementation of a CAP for Medicare Part B drugs and biologicals not paid on a cost or prospective payment system basis. Beginning with drugs administered on or after January 1, 2006, physicians will be given a choice between buying and billing these drugs under the average sales price (ASP) system, or obtaining these drugs from vendors selected in a competitive bidding process. The Secretary may exclude drugs from the CAP if competitive pricing will not result in significant savings, or is likely to have an adverse impact on access to such drugs. The statute gives CMS the authority to select drugs, or categories of drugs, that will be included in the program, to establish geographic competitive acquisition areas, and to phase in these elements as appropriate.

A competition will be held every 3 years to award contracts to approved CAP vendors that will supply drugs and biologicals for the program. A 3 year contract will be awarded to qualified approved CAP vendors in each geographic area who have and maintain: 1) Sufficient means to acquire and deliver competitively biddable drugs within the specified contract area; 2) Arrangements in effect for shipping at least 5 days each week for the competitively biddable drugs under the contract and means to ship drugs in emergency situations; 3) Quality, service, financial performance, and solvency standards; and 4) A grievance and appeals process for dispute resolution. A vendor's contract may be terminated during the contract period if they do not abide by the terms of their contract with CMS. CMS will establish a single payment amount for each of the competitively bid drugs and areas, for this 3-year cycle there will be one drug category and one geographic area. After CAP drug prices are determined and vendor contracts are awarded the information will be posted to a directory on the Medicare Web Site.

B. Policy: Medicare physicians will be given an opportunity to elect to participate in the CAP on an annual basis. Physicians who elect to participate in CAP will continue to bill their local carrier for drug administration. The participating CAP physicians will receive all of their drugs from the approved CAP vendor for the drug categories they have selected, with only one exception. The exception will be for "furnish as written" situations where the participating CAP physician specifies that due to medical necessity the beneficiary must have a certain brand of a drug or a particular product defined by the product's National Drug Code. In those cases if the drug is not available from the approved CAP vendor, the participating CAP physician may buy the drug; administer it to the beneficiary and bill Medicare using the ASP system. The local carrier will monitor drugs obtained using the furnish as written provision to ensure that the participating CAP physician is complying with Medicare payment rules.

The CAP will also allow a participating CAP physician to provide a drug to a Medicare beneficiary from his or her own stock and obtain the replacement drug from the approved CAP vendor when certain

conditions are met. The local carrier will monitor drugs ordered under the replacement provision to ensure that the participating CAP physician is complying with Medicare payment rules.

Approved CAP vendors must qualify for enrollment in Medicare, and will be enrolled as a new provider specialty. The approved CAP vendor’s claims for the drugs will be submitted to one designated Medicare carrier. The approved CAP vendor will bill the Medicare designated carrier for the drug and the beneficiary for any applicable coinsurance and deductible. 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 shall be 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 number on both claims. When they are matched in the claims processing system, the approved CAP vendor will be paid in full. If the two claims cannot be matched and administration of the drug is not verified within a specified period of time, the Medicare carrier shall deny payment of the approved CAP vendor claim for the drug. 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.

II. BUSINESS REQUIREMENTS

“Shall” denotes a mandatory requirement
“Should” denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H 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	
3985.1	Contractors shall make changes where necessary to accommodate the new designated carrier contractor ID number of 66001. The current Carrier shall be Noridian. The address shall be the same as that for contract number 00836: Noridian, 901 40th St S, Suite 1, Fargo, ND 58103.			X			X		X	Designated Carrier
3985.2	Contractors shall make changes where necessary to accommodate the new Business Segment Indicator (BSI) of USB. <u>U</u> S stands for United States and <u>B</u> stands for Part B drug and biologics.			X			X		X	Designated Carrier

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				Other
						F I S S	M C S	V M S	C W F	
	None.									

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, 2006 Implementation Date: April 3, 2006</p> <p>Pre-Implementation Contact(s): Lia Prela, Cecilia.Prela@cms.hhs.gov Linda Shanabrough, Linda.Shanabrough@cms.hhs.gov</p>	<p>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</p>
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