
CMS Manual System

Pub. 100-04 Medicare Claims Processing

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 561

Date: MAY 13, 2005

CHANGE REQUEST 3846

SUBJECT: New April 2005 Quarterly ASP Medicare Part B Drug Pricing File and Revisions to January 2005 Quarterly ASP Medicare Part B Drug Pricing File

I. SUMMARY OF CHANGES: This CR revises the payment allowance limits in the January 2005 and the April 2005 drug pricing files.

NEW/REVISED MATERIAL - EFFECTIVE DATE*: April 1, 2005

IMPLEMENTATION DATE: July 5, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)

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

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 2005 operating budgets.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
	One-Time Notification
X	Recurring Update Notification

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

Attachment – Recurring Update Notification

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SUBJECT: New April 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File and Revisions to January 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File

I. GENERAL INFORMATION

A. Background: Section 303 of the MMA revises the payment methodology for Part B covered drugs and biologicals that are not paid on a cost or prospective payment basis. Per MMA, beginning January 1, 2005, drugs and biologicals not paid on a cost or prospective payment basis will be paid based on the new ASP methodology. The ASP payment 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 like 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

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 will substitute CMS-provided payment limits for pricing based on WAC or invoice pricing. CMS will provide the payment limits either directly to the requesting contractor or via posting an MS Excel file on the CMS Web site.

(5) The payment allowance limits for new drugs and biologicals not included in the ASP Medicare Part B Drug Pricing File or Not Otherwise Classified (NOC) Pricing File are based on 106 percent of the WAC. This policy applies only to new drugs that were first sold on or after January 1, 2005.

Note that the absence or presence of a HCPCS code and its associated payment limit in the payment files does not indicate Medicare coverage of the drug. Similarly, the inclusion of a payment limit within a specific column does not indicate Medicare coverage of the drug in that specific category. The local Medicare contractor processing the claim shall make these determinations.

The 1Q05 payment allowance limits for the codes indicated in Table 1 below have been revised. The revised payment limits in Table 1 apply to dates of service on or after January 1, 2005. The 2Q05 payment allowance limits for the codes indicated in Table 2 below have been revised. The revised payment limits in Table 2 apply to dates of service on or after April 1, 2005.

Table 1

HCPCS	Short Description	HCPCS Code Dosage	1Q05 Payment Limit	1Q05 Independent ESRD Limit	1Q05 Vaccine Limit
90371	Hep B ig, im	1 ML	\$115.878	\$115.878	
J2790	Rho d immune globulin, inj	300 MCG	\$101.733	\$101.733	
J2792	Rho (D) immune globulin, sd	100 IU	\$13.101	\$13.101	
Q0187	NovoSeven	Per 1.2 MG	\$1,211.050	\$1,211.050	

Table 2

HCPCS	Short Description	HCPCS Code Dosage	2Q05 Payment Limit	2Q05 Independent ESRD Limit	2Q05 Vaccine Limit	2Q05 Blood Limit
90747	Hep B vacc, ill pat 4 dose im	40 MCG	\$113.915	\$113.915	\$113.915	
J0135	Adalimumab injection	20 MG	\$294.632	\$294.632		
J0287	Amphotericin b lipid complex	10 MG	\$11.724	\$11.724		
J0725	Chorionic gonadotropin	1000 UNITS	\$2.976	\$2.976		
J2597	Inj desmopressin acetate	1 MCG	\$2.493	\$2.493		
J7190	Factor viii	1 IU	\$0.641	\$0.641		
J7192	Factor viii recombinant	1 IU	\$1.063	\$1.063		
J7193	Factor IX non-recombinant	1 IU	\$0.882	\$0.882		
J7194	Factor ix complex	1 IU	\$0.650	\$0.650		
J7195	Factor IX recombinant	1 IU	\$0.982	\$0.982		
J7197	Antithrombin iii injection	1 IU	\$1.543	\$1.543		

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			
3846.9	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 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.	X	X	X	X					

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: July 5, 2005</p> <p>Pre-Implementation Contact(s): Angela Mason, amason@cms.hhs.gov</p> <p>Post-Implementation Contact(s): Appropriate Regional Office</p>	<p>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.</p>
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