

Program Memorandum Intermediaries/Carriers

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

Transmittal AB-03-047

Date: APRIL 18, 2003

CHANGE REQUEST 2659

SUBJECT: Single Drug Pricer (SDP) Clarifications

I. GENERAL INFORMATION

A. Background: This Program Memorandum (PM) incorporates two previous Joint Letters (dated December 20, 2002 and January 14, 2003) and corrects two additional drug codes on the Single Drug Pricer (Codes J1563 and J1260). SDP was discussed in Transmittal AB-02-174, CR 2381, dated December 3, 2002 and Transmittal AB-03-014, CR 2544, dated February 7, 2003.

B. Policy: Beginning January 1, 2003, CMS established the SDP to establish a uniform payment allowance as a reflection of the average wholesale price (AWP) for Medicare-covered drugs. Under SDP, CMS established prices centrally, thereby resulting in greater consistency in drug pricing nationally.

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
	Joint Letter of December 20, 2002	
1.	The correct allowance for Code 90371 changed to \$649.80 effective January 1, 2003.	All Contractors
2.	The correct allowance for Code J0636 changed to \$ 1.38 effective January 1, 2003.	All Contractors
3.	The correct allowance for Code J1835 changed to \$35.12 effective January 1, 2003.	All Contractors
4.	Code J7308 has been deleted effective January 1, 2003.	All Contractors
	Joint Letter of January 14, 2003	
5.	The correct allowance for Code J9216 is \$204.72 effective January 1, 2003.	All Contractors
6.	The correct allowance for Code J2352 is \$ 88.69 effective January 1, 2003. J2352 may be used only to report the LAR depot form of this drug.	All Contractors
7.	The correct allowance for Code J1563 is \$55.20 effective January 1, 2003. (Note: see below for newer price- \$76.00)	All Contractors
8.	The correct allowance for Code J7340 is \$29.30 effective January 1, 2003.	All Contractors
9.	The correct allowance for Code J7342 is \$14.92 effective January 1, 2003.	All Contractors

	New Information	
10.	The correct allowance for J1563 changed to \$76.00 effective January 1, 2003. Disregard the allowance in the January 14, 2003 joint letter.	All Contractors
11.	The correct allowance for J1260 changed to \$16.45 effective January 1, 2003.	All Contractors
12.	SDP does not preclude the use of inherent reasonableness or the establishment of local medical review policies, including the use of a least costly alternative.	All Contractors
13.	If a least costly alternative is determined and a price for the least costly alternative exists on the SDP, the SDP price for the least costly alternative must be used.	All Contractors
14.	Medicare coverage determinations are independent of the SDP. The presence or absence of a price for a particular drug in the SDP is irrelevant to Medicare coverage determinations.	All Contractors
15.	EPO – Q codes are included in the SDP, applicable to physician claims. The statutory limit for EPO applies to non-physician claims.	All Contractors
16.	“Unit Measurement” means the amount of whatever measurement is used in the code description (e.g., milligrams (mg)).	All Contractors
17.	Carriers and/or intermediaries need not search their files to either retract payment for claims already paid or to retroactively pay claims. However, carriers should adjust claims brought to their attention.	All Contractors
18.	Provider Education should take place on your Web sites, bulletins, and training sessions.	All Contractors

C. Interfaces: N/A

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

E. Dependencies: None

F. Testing Considerations: N/A

IV. ATTACHMENT(S): N/A

Version: 3/5/03	Effective Date: Upon Receipt
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Post-Implementation Contact: SDP@cms.gov	