
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 352

Date: NOVEMBER 3, 2004

CHANGE REQUEST 3436

NOTE: Transmittal 346, dated October 29, 2004, is rescinded and replaced with Transmittal 352, dated November 3, 2004.

SUBJECT: Three Places after the Decimal Point for ASP drug file

I. SUMMARY OF CHANGES: For MMA, ASP calculations, it is necessary for contractors to use three places after the decimal point in the currency fields.

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

IMPLEMENTATION DATE: April 4, 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
R	17/20/20.1 Allow 3 places after the decimal point for the currently fields for the ASP File. (new Sub-section 20.1)

III. FUNDING: Medicare contractors shall implement these instructions within their current operating budgets.

IV. ATTACHMENTS:

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

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

Attachment - Business Requirements

Pub. 100-4	Transmittal: 352	Date: November 3, 2004	Change Request 3436
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NOTE: Transmittal 346, dated October 29, 2004 is rescinded and replaced with Transmittal 352, dated November 3, 2004. Business requirement number 5 and the file layout were updated. All other information remains the same.

SUBJECT: Three (3) places after the Decimal Point for Average Sales Price (ASP) Drug File

I. GENERAL INFORMATION

A. Background: Per Section 303 of MMA of 2003, beginning 01/01/04 through 12/31/04, drugs and biologicals not paid on a cost or prospective payment basis are paid based on various standards specified in the statute, although the default payment allowance limit standard is 85 percent of AWP. The currency field is the standard 2 places after the decimal point.

B. Policy: Per MMA of 2003, beginning 1/1/05, drugs and biologicals not paid on a cost or prospective payment basis will be paid based on 106% of the Average Sales Price (ASP). CMS will supply contractors with an ASP drug pricing file for payment of drugs. This pricing file shall be provided to contractors by CMS quarterly. Contractors will continue to price covered drugs not on the file.

Currently, the standard systems hold 2 places after the decimal point in the currency field. Contractors round in accordance with standard rounding procedures. This CR instructs the standard systems and fiscal intermediaries and carriers to program 3 places after the decimal point so that contractors accept the drug pricing file as it is provided to them. For line items reporting a Medicare covered drug, rounding to 2 places after the decimal point shall occur after the number in the "units" field of the line item has been multiplied by the payment allowance applicable to the HCPCS code.

C. Provider Education: None.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)					
		F	R	C	D	Shared System	Other
		I	H	a	M	Maintainers	
		U	-	F			

						F I S S	M C S	V M S	C W F	
3436.1	Contractors shall use the ASP drug pricing file in determining the payment allowance limit for drugs beginning 1/1/05.	X	X	X	X	X	X	X		
3436.2	Contractors shall continue to price covered drugs not on the file.			X	X					SADMERC X
3436.3	Contractors shall program the currency field to allow for 3 places after the decimal point for the drug pricing file and for line item calculations utilizing the ASP drug pricing file. Then, follow standard rounding procedures in determining the final allowance for that line item. <u>Final</u> allowed amounts will continue to carry 2 places after the decimal point.	X	X	X	X	X	X	X		
3436.4	The file format will not change. The added space for the decimal will only occupy a filler. All other values will have the same beginning position.	X	X	X	X	X	X	X		
3436.5	The file format will carry 6 positions to the left of the decimal and 3 to the right.	X	X	X	X	X	X	X		
3436.6	A test file will be available in early December.	X	X	X	X	X	X	X		
3436.7	This policy is effective 01/01/05. Carriers and/or intermediaries shall adjust claims brought to their attention retroactively.	X	X	X	X					

III. 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

IV. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: January 1, 2005</p> <p>Implementation Date: April 1, 2005</p> <p>Pre-Implementation Contact(s): Joanne Spalding and Robert Niemann</p> <p>Post-Implementation Contact(s): Appropriate RO Contact</p>	<p>Medicare Contractors shall implement these instructions within their current operating budgets.</p>
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Attachment

Record Layout for the ASP File – 3 DECIMAL POSITIONS

FIELD NAME	START/END POSITION	PIC	COMMENT
HCPCS CODE	1-5	X(05)	
MODIFIER	6-7	X(02)	Reserved for future use.
SECOND MODIFIER	8-9	X(02)	Reserved for future use.
FILLER	10-10	X(01)	Value spaces
SHORT DESCRIPTION	11-38	X(28)	
FILLER	39-39	X(01)	Value spaces
ASP +6% LIMIT	40-48	9(6)V999	The ASP +6% Payment Limit is for Drugs (other than ESRD drugs separately billed by independent ESRD facilities and drugs infused through DME)
FILLER	49-51	X(03)	Value spaces
ESRD	52-60	9(6)V999	For ESRD drugs that are separately billed by independent ESRD facilities the payment limit is the acquisition cost determined by the OIG indexed by PPI, or, absent such an amount, ASP +6%.
FILLER	61-63	X(03)	Value spaces
VACINE AWP %	64-66	PIC9V99	
FILLER	67-70	X(04)	Value spaces

VACINE LIMIT	71-79	9(6)V999	Payment Liimit for Statutory Vacines
FILLER	80-82	X(03)	Value spaces
DME AWP %	83-85	PIC9V99	
FILLER	86-89	X(04)	Value spaces
DME LIMIT	90-98	9(6)V999	The Payment Limit is for Drugs when infused through DME
FILLER	99-101	X(03)	Value spaces
BLOOD AWP %	102--104	PIC9V99	
FILLER	105-108	X(04)	Value spaces
BLOOD LIMIT	109-117	9(6)V999	The Payment Limit is for Blood and Blood Products (other than blood clotting factors)
FILLER	118-160	X(43)	Value spaces

20.1 –MMA Drug Pricing - Average Sales Price (ASP)

(Rev.352, 11-03-04, Effective: 01-01-05, Implementation: 04-04-05)

In general, CMS establishes a single, national payment limit for FI and carrier payment for each Medicare-covered drug whose payment is determined based on the methodology described above. Drugs billed to DMERCs are still priced locally, albeit under the new statutory formula, as applicable. See §20.2 for a discussion of Single Drug Pricer (SDP). The four DMERCs jointly establish drug payment limits for drugs that are billed to DMERCs.

The CMS provides a SDP file to each carrier and FI for pricing drugs. The carrier should develop payment limits using the above methodology only when CMS does not supply a payment limit for the drug. Each FI and carrier must accept the SDP files made available by CMS for pricing bills/claims for any drug identified on the price files.

Beginning 1/1/05, the payment allowance limit for Part B drugs (the term “drugs” includes biologicals) will be based on the Average *Sales* Price (ASP) plus 6 percent. Payment allowances for drugs will be based on the lower of the submitted charge or the ASP file price. These drugs continue to be priced based on date of service. The drug payment allowance limit pricing file will be distributed to contractors by CMS. CMS will update and provide this file quarterly. Carriers/DMERCs/SADMERC shall develop payment allowance limits *for covered drugs* when CMS does not supply *the* payment allowance limit *on the ASP drug pricing file. The ASP drug pricing file shall contain 3 places after the decimal point in the currency field for the ASP file and contractors shall load the ASP file including 3 places after the decimal point. Contractors shall carry 3 places after the decimal point for the calculation of the amount due for a line item for each covered drug, then follow standard rounding procedures in determining the final allowance for that line item. The final allowed amounts will continue to carry 2 places after the decimal point.*