

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 754

Department of Health &
Human Services (DHHS)

Center for Medicare &
Medicaid Services (CMS)

Date: NOVEMBER 10, 2005

Change Request 3990

NOTE: This instruction was previously communicated as sensitive and controversial. This instruction is no longer sensitive and may be posted to your web site as early as today, November 25, 2005.

SUBJECT: Supplying Fee and Inhalation Drug Dispensing Fee Revisions and Clarifications

I. SUMMARY OF CHANGES: This CR clarifies and revises the policies and fees related to the supplying fee and inhalation drug dispensing fee for drug (MMA provision) and changes HCPCS codes.

NEW/REVISED MATERIAL :

EFFECTIVE DATE : January 1, 2006

IMPLEMENTATION DATE : January 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 = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	17/Table of Contents
R	17/80.7/Pharmacy Supplying Fee and Inhalation Drug Dispensing Fee.

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:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

Pub. 100-04	Transmittal: 754	Date: November 10, 2005	Change Request 3990
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SUBJECT: Supplying Fee and Inhalation Drug Dispensing Fee Revisions and Clarifications

I. GENERAL INFORMATION

A. Background:

Section 303(e) (2) of the MMA authorized the Secretary to pay a supplying fee for immunosuppressive drugs, oral anti-cancer chemotherapeutic drugs, and oral anti-emetic drugs used as part of an anti-cancer chemotherapeutic regimen. In addition, Medicare pays a dispensing fee for inhalation drugs, in accord with section 1842(o)(2) of the Social Security Act.

B. Policy:

Effective January 1, 2006, Medicare will pay a supplying fee of \$24.00 for the first prescription of immunosuppressive, oral anti-cancer, or oral anti-emetic drugs supplied to a beneficiary during a 30-day period. Each pharmacy that supplies the above-mentioned drugs to a beneficiary during a 30-day period will be eligible for one \$24 fee in that 30-day period. The pharmacy will be limited to one \$24 fee per 30-day period even if the pharmacy supplies more than one category of the above-mentioned drugs (for example, an oral anti-cancer drug and an oral anti-emetic drug) to a beneficiary.

Further, effective January 1, 2006, Medicare will pay a supplying fee of \$16.00 to a pharmacy for each subsequent prescription, after the first one, of immunosuppressive, oral anti-cancer, or oral anti-emetic drugs supplied to a beneficiary during a 30-day period.

Medicare will pay a supplying fee for each prescription, including prescriptions for different strengths of the same drug supplied on the same day (for example, prescriptions for 100mg tablets and 5 mg tablets).

For a refill prescription, Medicare will allow payment of a \$24 supplying fee up to seven days before the end of the 30-day period for which the last \$24 supplying fee was paid. A supplier will not be allowed more than twelve \$24 supplying fees per beneficiary per year.

New HCPCS codes for the supplying fee will be effective January 1, 2006. HCPCS Code Q0510 will replace G0369. Code G0370 will be terminated, and replaced by two new codes: Q0511 (Pharmacy supplying fee for immunosuppressive, oral anti-cancer, and oral anti-emetic drugs – first prescription in a 30-day period) and Q0512 (Pharmacy supplying fee for immunosuppressive, oral anti-cancer, and oral anti-emetic drugs – subsequent prescription in 30-day period).

CR 3990 does not alter the one-time \$50 supplying fee (Q0510 – replacement code for G0369) for the first immunosuppressive prescription after a transplant. CR 3830 instituted edits to downcode G0369 to

G0370 if a claim for G0369 had previously been paid to any supplier following a Medicare covered transplant or if G0370 was otherwise appropriate. The downcoding procedure under CR 3830 shall continue, except that when downcoding is appropriate, Q0510 (replacement code for G0369) will be downcoded to either Q0511 (first prescription in a 30-day period) or Q0512 (subsequent prescription in a 30-day period) as appropriate.

Effective January 1, 2006, Medicare will pay an initial dispensing fee of \$57.00 to a pharmacy for the initial 30-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during that time and regardless of the number of pharmacies used by a beneficiary during that time. This initial 30-day dispensing fee is a one-time fee applicable only to beneficiaries who are using inhalation drugs for the first time as a Medicare beneficiary.

Effective January 1, 2006, Medicare will pay one dispensing fee of \$33.00 to a pharmacy for a 30-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispenses during that time and regardless of the number of pharmacies used by a beneficiary during that time. This dispensing fee of \$33 will be paid for a 30-day period of inhalation drugs, except in those circumstances where an initial 30-day dispensing fee is applicable instead.

Effective January 1, 2006, Medicare will pay one dispensing fee of \$66.00 to a pharmacy for each dispensed 90-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during that time and regardless of the number of pharmacies used by a beneficiary during that time.

For a refill prescription, Medicare will allow payment of the dispensing fee no sooner than 7 days before the end of usage for the current 30-day or 90-day period for which a dispensing fee was previously paid. An inhalation drug supplier will not be allowed more than 12 months of dispensing fees per beneficiary per year.

New HCPCS codes for the dispensing fee will be effective January 1, 2006. HCPCS Code Q0513 will replace G0371. HCPCS Code Q0514 will replace G0374.

Based on code descriptions (listed in Pub 100-04, Chapter 17) a supplying fee and a dispensing fee are not appropriate for one drug. The supplying fee is for immunosuppressives, oral anti-cancer drugs and oral anti-emetic drugs. The dispensing fee is for inhalation drugs only. A supplier cannot be paid for more than one of the following -- an initial dispensing fee (G0333), a 30-day dispensing fee (Q0513), or a 90-day dispensing fee (Q0514) -- for a beneficiary for the same period.

This transmittal supersedes transmittal CR 3666.

An additional change request will be forthcoming containing CWF edits for business requirements 3990.5, 3990.5.1, 3990.5.2, 3990.6, and 3990.11.1.

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 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	
3990.1	New HCPCS codes Q0510, Q0511, Q0512, Q0513, Q0514, and G0333 shall be recognized by the system. CWF Category 60, TOS 9.	X			X	X		X	X	
3990.1.1	HCPCS Code G0369, G0371, and G0374 shall be replaced (termination date 12/31/05) with the new codes listed below. The effective date is January 1, 2006; the implementation date is January 3, 2006.	X			X	X		X	X	
3990.1.2	Q0510 will replace G0369	X			X	X		X	X	
3990.1.3	Q0513 will replace G0371 Q0514 will replace G0374				X			X	X	
3990.2	The Medicare contractor shall process claims for a \$24.00 supplying fee for the first drug billed by a supplier in a 30-day period for oral anti-cancer, oral anti-emetic, or immunosuppressive drugs supplied to a beneficiary. \$24.00 fee, using code Q0511. The exception to this is the first prescription after a Medicare covered transplant, which is paid a one-time \$50 supplying fee (Q0510) instead of a \$24 fee. This \$50 fee is payable once per beneficiary per transplant.	X			X	X		X		
3990.2.1	Each pharmacy that supplies the above drugs to a beneficiary will be eligible for one \$24 fee per 30-day period using Code Q0511.	X			X	X		X		

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	
3990.3	The Medicare contractor shall process claims for a supplying fee for each subsequent prescription in a 30-day period of \$16.00. (Code Q0512).	X			X	X		X		
3990.4	The Medicare contractor shall allow multiple supplying fees to be paid on the same day. The number of supplying fees billed by a specific supplier on a claim should not exceed the number of drug HCPCS billed by that supplier on the claim unless the same HCPCS code is used to bill different strengths of the drug.	X			X	X		X		
3990.5	For a refill prescription, the Medicare contractor shall allow payment of a \$24 supplying fee (Q0511) to a particular supplier up to seven days before the end of the 30-day period for which the last \$24 supplying fee was paid to that supplier.	X			X	X		X		
3990.5.1	If more than one claim for a \$24 supplying fee (Q0511) is received from a particular supplier for a particular beneficiary in a 30-day period, the Medicare contractor shall downcode Q0511 (\$24) to Q0512 (\$16) for each claim, after the first one, received from that supplier in the 30-day period. In determining whether downcoding is appropriate, the contractor shall take into account the above policy regarding the last seven days of the 30-day supplying fee period.	X			X	X		X		
3990.5.2	CR 3830 instituted edits to downcode G0369 to G0370 if a claim for G0369 had previously been paid to any supplier following a Medicare covered transplant or if G0370 was otherwise appropriate. The downcoding procedures under CR 3830 shall continue, except that when	X			X	X		X		

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	
3990.9	For fiscal intermediaries, bill types for the supplying fee are: 12x, 13x, 22x, 23x, 72x, 83x, 85x. Applicable provider types as specified in CR 3830.	X				X				
3990.10	Inhalation drugs – DMERCs shall process 1 dispensing fee per 30-day period, pay first claim received.				X			X		
3990.11	The Medicare contractor shall recognize a new HCPCS codes for the dispensing fee: G0333 – Pharmacy dispensing fee for initial inhalation drug(s); initial 30-day supply to a beneficiary (\$57.00). This fee is limited to once per beneficiary.				X			X		
3990.11.1	The Medicare contractor shall downcode G0333 (\$57) to Q0513 (\$33), if a claim for G0333 or a claim for inhalation drugs had previously been paid to any supplier for the beneficiary.				X			X		
3990.11.2	The new fee for a 30-day supply of inhalation drugs is \$33; (Code Q0513) The new fee for a 90-day supply of inhalation drugs is \$66. (Code Q0514)				X			X		
3990.12	A supplier cannot be paid for more than one of the following -- an initial dispensing fee (G0333), a 30-day dispensing fee (Q0513), or a 90-day dispensing fee (Q0514) -- for drugs supplied for the same period.				X			X		
3990.13	For a refill prescription, the Medicare contractor will allow payment of the dispensing fee no sooner than 7 days before the end of usage for the current 30-day or 90-day period for which a dispensing fee was previously paid.				X			X		

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			
F I S S	M C S					V M S	C W F		
3990.14	Each inhalation drug supplier will be limited to 12 months of dispensing fees per beneficiary per year.				X			X	
3990.15	The supplying fee and dispensing fee must continue to be billed on the same claim as the drug. Deny supplying fee/dispensing fee if not billed on the same claim as the drug.	X			X	X		X	
3990.16	Beneficiary deductibles and co-payments apply to dispensing and supplying fees.	X			X	X		X	

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			
F I S S	M C S					V M S	C W F		
3990.17	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	X			X	X		X	

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			
F I S S	M C S					V M S	C W F		
	Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.								

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*: January 1, 2006</p> <p>Implementation Date: January 3, 2006</p> <p>Pre-Implementation Contact(s): Policy: Kim Neuman (410-786-4569) DMERC Issues: Joanne Spalding (410-786-3352) FI Issues: Cindy Murphy (410-786-5733)</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 2006 operating budgets.</p>
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Medicare Claims Processing Manual

Chapter 17 - Drugs and Biologicals

Table of Contents *(Rev. 754, 11-10-05)*

80.7 – Pharmacy Supplying Fee *and Inhalation Drug Dispensing Fee*

80.7 - Pharmacy Supplying Fee and Inhalation Drug Dispensing Fee
(Rev.754, Issued: 11-10-05, Effective: 01-01-06, Implementation: 01-03-06)

Section 303(e) (2) of the MMA implements a supplying fee for immunosuppressive drugs, oral anti-cancer chemotherapeutic drugs, and oral anti-emetic drugs used as part of an anti-cancer chemotherapeutic regimen. Effective January 1, 2005, Medicare paid a separately billable supplying fee of \$24.00 to a pharmacy, dialysis facility in the State of Washington or any hospital outpatient department not subject to the OPDS for each supplied prescription of the above-mentioned drugs. In addition, Medicare also paid a separately billable supplying fee of \$50.00 for the initial supplied prescription of the immunosuppressive drugs during the first month following the patient's transplant.

Effective January 1, 2006, we are changing the supplying fee when multiple prescriptions are supplied in a 30-day period. Medicare will pay \$24 for the first prescription of the above-mentioned drugs supplied by a pharmacy in a 30-day period, and will pay \$16 for each subsequent prescription, after the first one, supplied in that 30-day period. A pharmacy will be limited to one \$24 fee per 30-day period even if the pharmacy supplies more than one category of the abovementioned drugs (for example, an oral-anticancer drug and an oral anti-emetic drug) to a beneficiary. If two different pharmacies supply the above-mentioned drugs to a beneficiary during a 30-day period, each pharmacy will be eligible for one \$24 supplying fee for the first prescription supplied during that 30-day period, and a supplying fee of \$16 for each subsequent prescription supplied in that 30-day period. For a refill prescription, Medicare will allow payment of a \$24 supplying fee to a particular supplier up to seven days before the end of the 30-day period for which the last \$24 supplying fee was paid to that supplier; however, each supplier will be limited to twelve \$24 supplying fees per beneficiary per year. Medicare will pay a supplying fee for each prescription, including prescriptions for different strengths of the same drug supplied on the same day (for example, a prescription for 100 mg tablets and 5 mg Tablets). These changes do not alter the one-time \$50 supplying fee for the first immunosuppressive prescription after a transplant.

We are also changing the dispensing fee for inhalation drugs furnished through durable medical equipment. Effective January 1, 2006, Medicare will pay an initial dispensing fee of \$57 to a pharmacy for the initial 30-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during that time and regardless of the number of pharmacies used by a beneficiary during that time. This initial 30-day dispensing fee is a one-time fee applicable only to beneficiaries who are using inhalation drugs for the first time as a Medicare beneficiary. Except in those circumstances where an initial 30-day dispensing fee is applicable, Medicare will pay a dispensing fee of \$33 to a pharmacy/supplier for each 30-day supply of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during the 30 day period. Medicare will pay a dispensing fee of \$66 to a pharmacy/supplier for each 90-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during the 90 days. Only one 30-day dispensing fee will be payable per 30-day period, and only one 90-day dispensing fee will be payable per 90-day period, regardless of the numbers of suppliers used during the respective periods. A

30-day and 90-day supplying fee cannot be paid for drug supplied for the same month. For a refill prescription, Medicare will allow payment of the dispensing fee no sooner than 7 days before the end of usage for the current 30-day or 90-day period for which a dispensing fee was previously paid. Each inhalation drug supplier will be allowed no more than 12 months of dispensing fees per beneficiary per year. Medicare will not pay separately for compounding drugs. This cost is in the dispensing fees.

Supply fees and dispensing fees must be billed on the same claim as the drug.

HCPCS Codes and Fees:

G0369, G0370, G0371, G0374 – not recognized by Medicare as of 1/1/06.

Q0510 – First immunosuppressive prescription after a transplant, \$50.00 fee

Q0511 – Pharmacy supplying fee for immunosuppressive, oral-anti-cancer, and oral anti-emetic drugs, first prescription in a one month period. Each pharmacy may receive this fee once in a 30-day period. Fee is \$24.00

Q0512 – Pharmacy supplying fee for immunosuppressive, oral anti-cancer, and oral anti-emetic drugs – each subsequent prescription in a 30-day period. Fee is \$16.00.

Q0513 – Pharmacy dispensing fee for inhalation drug(s); per 30-days.
Effective 1/1/06, Medicare will pay a dispensing fee of \$33.00 to a pharmacy for a 30-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during that time and regardless of the number of pharmacies used by a beneficiary during that period. Payment will be made on the first claim received.

Q0514 – Pharmacy dispensing fee for inhalation drugs(s); per 90-days.
Effective 1/1/06, Medicare will pay a dispensing fee of \$66.00 to a pharmacy for a 90-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during that time and regardless of the number of pharmacies used by a beneficiary during that period. Payment will be made on the first claim received.

G0333- Pharmacy dispensing fee for initial inhalation drug(s); initial 30 day supply to a beneficiary.

Effective January 1, 2006, Medicare will pay an initial dispensing fee of \$57.00 to a pharmacy for the initial 30-day period of inhalation drugs furnished through DME regardless of the number of shipments or drugs dispensed during that time and regardless of the number of pharmacies used by a beneficiary during that time. This initial 30-day dispensing fee is a one-time fee applicable only to beneficiaries who are using inhalation drugs for the first time as a Medicare beneficiary.

Based on the code descriptions above, a supplying fee and a dispensing fee is not appropriate for one drug. The supplying fee is for immunosuppressives, oral anti-cancer drugs and oral anti-emetic drugs. The dispensing fee is for inhalation drugs only. A supplier cannot be paid for more than one of the following -- an initial dispensing fee (G0333), a 30-day dispensing fee (Q0513), or a 90-day dispensing fee (Q0514) – for a beneficiary for the same period.