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Pharmacy Billing of Immunosuppressive Drugs

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Note: This article was revised on March 28, 2018, to add a link to a related article, MM10370. That article is based on CR 10370 that revised the Part B date of service requirements for the first immunosuppressive drug claim after the beneficiary is discharged from an inpatient stay. All other information is unchanged

PROVIDER TYPES AFFECTED

This MLN Matters Special Edition (SE) Article is intended for pharmacies billing Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for immunosuppressive drugs provided to Medicare beneficiaries who received an organ transplant that was paid for by Medicare.

PROVIDER ACTION NEEDED

Change Request (CR) 10235 highlighted updated language in the Medicare Claims Processing Manual, Chapter 17, Section 80.3. (Billing for Immunosuppressive Drugs) regarding the use of the KX modifier for certain claims for immunosuppressive drugs. See the related MLN Matters article (MM10235) at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM10235.pdf. CR10235 also provided guidance to the MACs to abide by the updated language on processing claims for immunosuppressive drugs.

This article reminds pharmacy billing staff of the appropriate process for billing Medicare for immunosuppressive drugs using the KX modifier. This is especially important for pharmacies as the Health and Human Services Office of the Inspector General (OIG) recently determined that pharmacies did not comply with parts of this policy on a significant percentage of related claims. Be sure your staff is aware of the proper policy as summarized in the Background Section of this article.

BACKGROUND

Medicare covers a beneficiary's immunosuppressive drugs following a transplant in accordance with 1861(s)(2)(J) of the Social Security Act (the Act), which states that Medicare covers "prescription drugs used in immunosuppressive therapy furnished to an individual who receives

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an organ transplant for which payment is made under this title."

The OIG reviewed a sample of 2014 claims and their objective was to determine whether Part B should have paid for immunosuppressive drugs billed with a KX modifier for beneficiaries for whom Medicare did not have a transplant record.

Medicare Part B (Part B) covers immunosuppressive drugs for beneficiaries who receive an organ transplant for which Medicare payment was made. When Medicare Fee-For-Service (FFS) pays for a transplant, a record of the transplant claim should be maintained in Medicare's claim history. However, to accommodate certain circumstances in which Medicare cannot locate an FFS claim for a transplant in the beneficiary's Medicare FFS claims database that would confirm that Medicare paid for the transplant**, a pharmacy can submit an immunosuppressive drug claim with a KX modifier.**

In the billing for immunosuppressive drugs, there are circumstances in which Medicare cannot locate, in Medicare's claims database, the claim that would have confirmed that Medicare paid for the transplant. The claim may not appear in the database for reasons such as:

1. At the time of the transplant, the beneficiary was enrolled in a Medicare Advantage plan that paid for the transplant. (Medicare Advantage data is not included in the Medicare FFS claims database). Although some encounter data may be available, it may be incomplete or may not contain coding information sufficient to identify a transplant claim.

2. There may be instances in which claims related to a transplant are old and may not be identifiable in the claims database despite Medicare's payment for the claim.

In these circumstances, your submission of the KX modifier (Specific Required Documentation on File) in the claim permits Medicare to make a reasonable assumption that:

- You have documentation on file that indicates the date of the transplant
- The services furnished are medically necessary, and
- Medicare paid for the transplant in accordance with the statute.

The use of the KX modifier is not required, but you should be aware that your DME MACs will accept claims for immunosuppressive drugs, received on and after July, 2008, without a KX modifier; but will deny the claim if the Centers for Medicare & Medicaid Services (CMS) cannot identify a record of a claim indicating that the transplant was paid for by Medicare FFS.

Further, if you furnish an immunosuppressive drug to a Medicare beneficiary, prescribed because the beneficiary had undergone an organ transplant; and, on and after July 1, 2008, submit a claim for this service that contains the KX modifier, you must:

- Secure from the prescriber the date of such organ transplant and retain documentation of such transplant date in your files.
- Attest that you have documentation on file that the beneficiary was eligible to receive Medicare Part A benefits at the particular date of the transplant and retain the documentation in your files.
- Retain such documentation of the beneficiary's transplant date, Medicare Part A eligibility, and that such transplant date precedes the Date of Service (DOS) for furnishing the drug.

ADDITIONAL INFORMATION

If you have any questions, please contact your MAC at their toll-free number. That number is available at https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/

To review MM 10235 visit: https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM10235.pdf.

A report on the OIG review referenced above is available at https://oig.hhs.gov/oas/reports/region6/61500018.pdf.

DOCUMENT HISTORY

Date of Change	Description
March 28, 2018	This article was revised to add a link to a related article, MM10370. That article is based on CR 10370 that revised the Part B date of service requirements for the first immunosuppressive drug claim after the beneficiary is discharged from an inpatient stay.
October 17, 2017	Initial article released.

license the electronic data file of UB-04 Data Specifications, contact Tim Carlson at (312) 893-6816 or Laryssa Marshall at (312) 893-6814. You may also contact us at ub04@healthforum.com

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