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July 11, 2006

Memorandum To: All Part D Sponsors

Subject: HPMS Q & A - Clarification regarding Part D vaccine administration costs

From: Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit Group

The following question and answer will be posted to the Frequently Asked Questions Database on the CMS website at <http://questions.cms.hhs.gov>.

Q: Are Part D vaccine administration costs covered under Part B?

A: No. Our Medicare Benefits Policy Manual at chapter 15, section 50.4.3 addresses the issue of whether the administration associated with a non-Part-B covered item may be covered under Part B. The manual states: "If a medication is determined not to be reasonable and necessary for diagnosis or treatment of an illness or injury according to these guidelines, the carrier excludes the entire charge (i.e., for both the drug and its administration). Also, carriers exclude from payment any charges for other services (such as office visits) which were primarily for the purpose of administering a noncovered injection (i.e., an injection that is not reasonable and necessary for the diagnosis or treatment of an illness or injury)." Vaccines, generally, are considered preventive and not necessary for the diagnosis or treatment of an illness or injury. Thus, for a non-Part B covered vaccine, neither the vaccine nor its administration, would be covered under Part B.

In the Preamble to our Part D regulations published January, 28, 2005, we stated that in certain cases Part B may pay for the medically necessary administration of non-covered drugs and biologicals. We did not intend to signal that we were in any way changing the Part B rules as stated in the manual citation above, rather it was our intention to suggest that conceptually additional time and resources related to discussions concerning Part D vaccines could be billed as part of another qualifying Part B office visit. For instance, if a beneficiary presents with a condition that qualifies for a Part B office visit, the physician could include the counseling of a Part D vaccine (including a discussion of possible treatment interactions) into this Part B visit, and the office visit could be covered by the carrier as necessary for the treatment of an illness (as determined by the carrier).

Additionally, we believe it important to reiterate, as we did in the Vaccine Access Memo on May 8th 2006, that administration and professional fees may not be included as part of the Part D dispensing fee and Part D plans may not separately pay for the administration of Part D vaccines in a physician's office.

Please contact Greg Dill at (312) 353-1754 if you have any questions about this guidance.