
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 348

Date: October 29, 2004

CHANGE REQUEST 3539

**SUBJECT: January 2005 Quarterly Average Sales Price (ASP) Medicare Part B
Drug Pricing File, Effective January 1, 2005**

I. SUMMARY OF CHANGES: This instruction informs Medicare contractors to download the January 2005 ASP drug pricing file for Medicare Part B drugs.

NEW/REVISED MATERIAL - EFFECTIVE DATE*: January 1, 2005
IMPLEMENTATION DATE: January 3, 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
(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)

| R/N/D | CHAPTER/SECTION/SUBSECTION/TITLE |
|-------|----------------------------------|
| N/A | N/A |
| | |
| | |

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

IV. ATTACHMENTS:

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

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

Attachment – Recurring Update Notification

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|-------------|------------------|------------------------|---------------------|
| Pub. 100-04 | Transmittal: 348 | Date: October 29, 2004 | Change Request 3539 |
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SUBJECT: January 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File, Effective January 1, 2005

I. GENERAL INFORMATION

A Background: Section 303(c) of the MMA revises the payment methodology for Part B covered drugs that are not paid on a cost or prospective payment basis. Per MMA of 2003, beginning January 1, 2005, drugs and biologicals not paid on a cost or prospective payment basis will be paid based on the new Average Sale Price (ASP) drug payment system. The new payment system is based on quarterly data submitted to CMS by manufacturers. CMS will supply contractors with the ASP drug pricing files for Medicare Part B drugs on a quarterly basis.

B. Policy: Beginning January 1, 2005, the payment allowance limits for Medicare Part B drugs and biologicals that are not paid on a cost or prospective payment basis are 106 percent of the ASP. CMS will update the payment allowance limits quarterly. There are exceptions to this general rule as summarized below.

(1) The payment allowance limits for blood and blood products, with certain exceptions like blood clotting factors, are determined in the same manner the payment allowance limits were determined on October 1, 2003. Specifically, the payment allowance limits for blood and products are 95 percent of the average wholesale price (AWP) as reflected in the published compendia. The payment allowance limits will be updated on a quarterly basis.

(2) The payment allowance limits for infusion drugs furnished through a covered item of durable medical equipment on or after January 1, 2005 will continue to be 95 percent of the AWP reflected in the published compendia as of October 1, 2003 regardless of whether or not the durable medical equipment is implanted. The payment allowance limits will not be updated in 2005.

(3) The payment allowance limits for influenza, pneumococcal and hepatitis B vaccines are 95 percent of the AWP as reflected in the published compendia. The payment allowance limits will be updated on a quarterly basis.

(4) The payment allowance limits for drugs not included in the ASP Medicare Part B Drug Pricing File are based on the published wholesale acquisition cost (WAC) or invoice pricing.

Note that the absence or presence of a HCPCS code and its associated payment limit in the ASP files does not indicate Medicare coverage of the drug. Similarly, the inclusion of a payment limit within a specific column does not indicate Medicare coverage of the drug in that specific category. The local Medicare contractor processing the claim shall make these determinations.

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|--------------------|---|---|------|---------|-------|---------------------------|-----|-----|-----|-------|
| | | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
| | | | | | | FISS | MCS | VMS | CWF | |
| 3539.7 | Carriers and FIs shall not search and adjust claims that have already been processed unless brought to their attention. | 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

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|---|---|
| <p>Effective Date*: January 1, 2005</p> <p>Implementation Date: January 3, 2005</p> <p>Pre-Implementation Contact(s): Marjorie Baldo at 410-786-4617</p> <p>Post-Implementation Contact(s): Appropriate Regional Office</p> | <p>Medicare contractors shall implement these instructions within their current operating budgets.</p> |
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