

# CMS Manual System

## Pub 100-04 Medicare Claims Processing

Transmittal 729

Department of Health & Human Services (DHHS)

Centers for Medicare and Medicaid Services (CMS)

Date: OCTOBER 28, 2005

Change Request 4160

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

**I. SUMMARY OF CHANGES:** This CR revises the payment allowance limits in the October 2005 Medicare Part B Drug Pricing files.

### NEW/REVISED MATERIAL

**EFFECTIVE DATE: October 01, 2005**

**IMPLEMENTATION DATE: November 28, 2005**

*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

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

### 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:

Recurring Update Notification

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

# Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 729	Date: October 28, 2005	Change Request 4160
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**SUBJECT: Revised October 2005 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File, Effective October 1, 2005**

## I. GENERAL INFORMATION

**A. Background:** Section 303(c) of the Medicare Modernization Act of 2003 (MMA) revises the payment methodology for Part B covered drugs that are not paid on a cost or prospective payment basis. Per the MMA, beginning January 1, 2005, drugs and biologicals not paid on a cost or prospective payment basis will be paid based on the ASP methodology. The ASP methodology 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 such as 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 blood 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. The payment allowance limits for infusion drugs furnished through a covered item of durable medical equipment that were not listed in the published compendia as of October 1, 2003, (i.e., new drugs) are 95 percent of the first published AWP.

(3) The payment allowance limits for influenza, pneumococcal and hepatitis B vaccines are 95 percent of the AWP as reflected in the published compendia.

(4) The payment allowance limits for drugs, other than new drugs, not included in the ASP Medicare Part B Drug Pricing File or Not Otherwise Classified (NOC) Pricing File are based on the published wholesale acquisition cost (WAC) or invoice pricing. In determining the payment limit based on WAC, the contractors follow the methodology specified in Chapter 17, Drugs and Biologicals, of Pub. 100-04, Medicare Claims Processing Manual for calculating the AWP but substitute WAC for AWP. The payment limit is 100 percent of the lesser of the lowest brand or median generic WAC. At the contractors' discretion, contractors may contact CMS to obtain payment limits for drugs not included in the quarterly ASP or NOC files or otherwise made available by CMS on the CMS Web site. If the payment limit is available from CMS, contractors will substitute CMS-provided payment limits for pricing

based on WAC or invoice pricing. CMS will provide the payment limits either directly to the requesting contractor or via posting an MS Excel file on the CMS Web site.

(5) The payment allowance limits for new drugs and biologicals not included in the ASP Medicare Part B Drug Pricing File or NOC Pricing File are based on 106 percent of the WAC. This policy applies only to new drugs that were first sold on or after January 1, 2005.

(6) The payment allowance limits for radiopharmaceuticals are not subject to ASP. Contractors should determine payment limits for radiopharmaceuticals based on the methodology in place as of November 2003.

The revised October 2005 payment allowance limits apply to dates of service October 1, 2005 through December 31, 2005.

The payment limits included in the revised ASP and NOC payment files supersede the payment limits for these codes in any publication published prior to this document.

Note that the absence or presence of a HCPCS code and its associated payment limit does not indicate Medicare coverage of the drug or biological. 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.

## 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	
4160.1	<p>The revised October 2005 ASP drug pricing files for Medicare Part B drugs will be available via the CMS Data Center (CDC).</p> <p>Contractors shall download the October 2005 ASP drug pricing file through the CMS Data Center (CDC) on or after October 18, 2005.</p> <p>Final File:  <a href="mailto:MU00.@BF12390.ASP.CY05.OCTC.V1018">MU00.@BF12390.ASP.CY05.OCTC.V1018</a></p>	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	
	<p>Notification of successful receipt shall be sent via e-mail to <a href="mailto:price_file_receipt@cms.hhs.gov">price_file_receipt@cms.hhs.gov</a> stating the name of the file received and the entity for which it was received (e.g., carrier/DMERC/fiscal intermediary name and number).</p> <p>Contractors shall download October 2005 NOC Pricing Files from the CMS Web site.  <a href="http://www.cms.hhs.gov/providers/drugs/asp.asp">http://www.cms.hhs.gov/providers/drugs/asp.asp</a></p>									
4160.2	Contractors shall use the October 2005 ASP and NOC drug pricing files to pay for Medicare Part B drugs effective October 1, 2005 through December 31, 2005.	X	X	X	X					
4160.3	The ASP and NOC drug pricing files will contain the applicable payment allowance limits (i.e., 106% ASP, 106% WAC, or 95% AWP); therefore, no additional payment calculation is required by the Medicare contractors.	X	X	X	X					
4160.4	For any drug or biological not listed in the ASP or NOC drug pricing files, contractors shall determine the payment allowance limits in accordance with the policies described in this CR, CR 3667 dated February 25, 2005, CR 3539, dated October 29, 2004, and CR 3232, dated December 16, 2004 (corrected), and FIs should seek payment allowances from their local carrier.	X	X	X	X					
4160.5	At the contractors’ discretion, contractors may contact CMS to obtain payment limits for drugs not included in the quarterly ASP or NOC files or otherwise made available by CMS on the CMS Web site. If the payment limit is available from CMS, contractors shall substitute CMS-	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	
	provided payment limits for pricing based on WAC or invoice pricing.  Contractors shall contact CMS via E-mail at <a href="mailto:Sec303ASPdata@cms.hhs.gov">Sec303ASPdata@cms.hhs.gov</a> . Contractors shall include “Pricing Request” in the subject line.									
4160.6	For any drug or biological for which a contractor calculates a payment allowance limit, the contractor shall forward the drug name, dosage, payment allowance limit, and National Drug Code (if available) to CMS for inclusion in the next quarterly update. Forward this information to <a href="mailto:marjorie.baldo@cms.hhs.gov">marjorie.baldo@cms.hhs.gov</a> .	X	X	X	X					
4160.7	Contractors shall use the new October 2005 ASP and NOC drug pricing files for (1) those claims where the contractors are asked to retroactively adjust claims processed with the previous October 2005 files and (2) those claims with dates of service October 1, 2005 – December 31, 2005.  Contractors shall not search and adjust claims that have already been processed unless brought to their attention.	X	X	X	X					

**III. PROVIDER EDUCATION**

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H 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	
4160.8	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/medlearn/matters">www.cms.hhs.gov/medlearn/matters</a> 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 Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X	X					

**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><b>Effective Date*:</b> October 1, 2005</p> <p><b>Implementation Date:</b> November 28, 2005</p> <p><b>Pre-Implementation Contact(s):</b> Jennifer Fan 410-786-1100 or Marjorie Baldo at 410-786-7762</p> <p><b>Post-Implementation Contact(s):</b> Appropriate Regional Office</p>	<p><b>No additional funding will be provided by CMS; Contractor activities shall be carried out within their FY 2006 operating budgets.</b></p>
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