

Program Memorandum Carriers

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)
Date: AUGUST 8, 2003

Transmittal B-03-059

CHANGE REQUEST 2755

SUBJECT: Minimum Number of Pricing Files That Must Be Maintained Online for Medicare Single Drug Pricer (SDP)

I. GENERAL INFORMATION

A. Background:

CMS has historically mandated that a minimum of two pricing files be maintained for systematically pricing services. The accuracy of Medicare Part B drug pricing is, in part, dependent on the number of pricing files maintained/utilized online within carrier claims processing systems. When these pricing methodologies were implemented, CMS did not specify requirements for a minimum number of online pricing files that should be maintained by carrier claims processing systems. Some carrier systems maintain two online pricing files (current and one prior period) consistent with CMS guidelines.

B. Policy:

CMS is creating a new minimum standard for the number of online pricing files maintained by carrier standard systems for determining the single drug pricer. The new minimum standard is five fee screens/pricing files (a current period and four prior periods) for Part B "incident to" drugs billed to carriers for payment on a fee-for-service basis.

NOTE: The HPBSS standard system and associated carriers are waived from implementing this change request due to their upcoming transition to the MCS system. Carriers are required to implement the change request once they transition to MCS.

II. BUSINESS REQUIREMENTS

| Requirement # | Requirements | Responsibility |
|---------------|---|--|
| 1.1 | Standard systems must maintain a minimum of five online pricing files (a current period and four prior period files) for determining approved charges for Part B "incident to" drug services. This must include the capability to accommodate multiple fee screens within a calendar year so systems changes would not be required if the single drug pricer changed during the year. | Carrier Standard System Maintainers (SSMs) |
| 1.2 | Load fees for the current period (i.e., January 1, 2004) and four prior periods for the single drug pricer. | Carrier SSMs & Carrier Data Centers |

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|-----|--|--------------|
| 1.3 | For “incident to” services systematically priced (i.e., priced without manual intervention), use the online pricing file applicable for the billed date of service. See requirement 1.4 for an exception to this rule. | Carrier SSMS |
| 1.4 | Use the earliest online single drug pricing file to price “incident to” Part B drugs furnished prior to the earliest fee screen effective date (e.g., date of service = 2000 or earlier but the oldest online single drug pricing file for the service is 2001). | Carrier SSMS |

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

| X-Ref Requirement # | Instructions |
|---------------------|--|
| 1.1, 1.2 & 1.3 | Based on a January 1, 2004 implementation date, online pricing files for SDP services must be created/ installed for the two periods: January 1, 2004 (effective for SDP dates of service on or after 01/01/04) and October 1, 2003 (for SDP dates of service 12/31/02 through 12/31/03). |
| 1.1, 1.2 & 1.3 | When the April file is released add another period for April 1, 2004 (for SDP dates of service 01/01/04 through 03/31/04). When the July file is released add a period beginning July 1, 2004 (for SDP dates of service 04/01/04 through 06/30/04). Add a new period when the October 2004 file is released beginning October 1, 2004 (for SDP dates of service 07/01/04 through 09/30/04). When the January 2005 file is released add a new period beginning January 1, 2005 (for dates of service 10/01/03 through 12/31/04). Delete all previous periods except for the October 2004 file that contains the previous year’s prices to be used for claims before January 1, 2005 and begin adding new periods as they are released. |

B. Design Considerations: N/A

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. ATTACHMENT(S): None

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| Version: | Effective Date: January 1, 2004 |
| Implementation Date: January 1, 2004 | Funding: These instructions should be implemented within your current operating budget. |
| Discard Date: January 1, 2005 | |
| Post-Implementation Contact: CMS regional office | Pre-Implementation Contact: Appropriate Regional Office |