

# CMS Manual System

## Pub 100-04 Medicare Claims Processing

Transmittal 882

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Date: MARCH 3, 2006

Change Request 4301

*NOTE: Transmittal 840, dated February 6, 2006, is being rescinded and replaced with Transmittal 882. Business Requirement 4301.3 has been removed. All other information remains the same.*

**SUBJECT: Hospital Billing for Take-Home Drugs**

**I. SUMMARY OF CHANGES:** This instruction provides instructions for hospitals on billing the appropriate Durable Medical Equipment Regional Carrier (DMERC) for take-home drugs. Program Memorandum (PM) Transmittal A-02-123, dated December 13, 2002 instructed hospitals to bill the appropriate DMERC for immunosuppressive drugs and supplying fees furnished to transplant patients. This Change Request (CR) expands those instructions. Payment for take-home oral anti-cancer drugs, take-home oral anti-emetic drugs, and immunosuppressive drugs, as well as the associated supplying fees, shall be billed to the appropriate DMERC. Hospitals shall also bill the DMERC for payment of take-home inhalation drugs and the associated dispensing fees. Immunosuppressive drugs and supplying fees provided by a dialysis facility in the State of Washington are paid by the fiscal intermediary (FI). Chapter 17 of the Medicare Claims Processing Manual is updated to reflect these changes.

### NEW/REVISED MATERIAL

**EFFECTIVE DATE: July 1, 2006**

**IMPLEMENTATION DATE: July 3, 2006**

*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/revise 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 – Only One Per Row.

R/N/D	Chapter / Section / SubSection / Title
R	17/Table of Contents
R	17/80.2.2/Claims Processing Jurisdiction for Oral Anti-

	Emetic Drugs
<b>R</b>	17/80.2.4/Billing and Payment Instructions for FIs
<b>N</b>	17/90.4/Hospital Billing for Take-Home Drugs

**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:**

Business Requirements

Manual Instruction

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

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 882	Date: March 3, 2006	Change Request 4301
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*NOTE: Transmittal 840, dated February 6, 2006, is being rescinded and replaced with Transmittal 882. Business Requirement 4301.3 has been removed. All other information remains the same.*

**SUBJECT: Hospital Billing for Take-Home Drugs**

## **I. GENERAL INFORMATION**

**A. Background:** This instruction provides clarification for all hospitals on billing the appropriate durable medical equipment carrier (DMERC) for certain take-home drugs. Program Memorandum (PM) Transmittal A-02-123, dated December 13, 2002 instructed hospitals subject to the hospital outpatient prospective payment system (OPPS) to bill DMERCs for immunosuppressive drugs and related supplying fees furnished to transplant patients. This Change Request (CR) expands those instructions. Payment for take-home oral anti-cancer, take-home oral anti-emetic and take-home immunosuppressive drugs, as well as the associated supplying fees, shall be billed to the appropriate DMERC. Hospitals shall also bill the DMERC for payment of take-home inhalation drugs and the associated dispensing fees. Claims for immunosuppressive drugs and supplying fees provided by a dialysis facility in the State of Washington are paid by the Fiscal Intermediary (FI).

**B. Policy:** Hospitals shall bill the appropriate DMERC for the take-home drugs specified in this transmittal. This includes multi-day supplies of oral anti-cancer drugs, oral anti-emetic drugs and immunosuppressive drugs, as well as their associated supplying fees. Supplying fees must be billed on the same claim as the drug.

Hospitals that do not have a supplier number for billing the DMERC, should complete a Form CMS-855S and obtain a supplier number from the National Supplier Clearinghouse (NSC). There are two ways to obtain a supplier number from the NSC:

1) Hospitals can call the NSC directly at 1-866-238-9652, request an application form, and the NSC will send them a Form CMS-855-S. Once the hospital has completed the Form CMS-855-S, it should be submitted as soon as possible to the NSC at the address indicated on the form; or

2) Alternatively, hospitals may go to the CMS Web site, [cms.hhs.gov/providers/enrollment/default.asp](http://cms.hhs.gov/providers/enrollment/default.asp), and download the Form CMS-855-S in Adobe Acrobat format. The application can be completed hard copy and submitted to the NSC.

Once a hospital has their supplier number, they can proceed to bill the appropriate DMERC using the National Council for Prescription Drug Programs (NCPDP) - Telecommunication Version 5.1 and Batch Standard 1.1 - Retail Pharmacy Claims. This is the HIPAA approved telecommunication format for billing drugs, or, in exceptional circumstances, a hard copy Form CMS-1500 may be used. In both cases the actual drug must be listed by National Drug Code (NDC) and the claim must show the units given to the beneficiary. The DMERC will provide specific instructions to hospitals on billing requirements.



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			
4301.3.1	Hospitals shall continue to bill their FI for outpatient services when the service includes an oral anti-cancer drug, oral anti-emetic drug or immunosuppressive drug, so long as no more than one day’s supply of a drug is given to the beneficiary.	X				X				
4301.4	DMERCs shall accept properly filed claims from hospitals for oral anti-cancer, oral anti-emetic, immunosuppressive, and inhalation drugs.				X			X		
4301.4.1	DMERCs shall deny hard copy claims submitted to an improper jurisdiction, i.e., to a DMERC other than the region in which the beneficiary resides.  <b>NOTE:</b> Electronic claims directed to the wrong DMERC will be redirected to the appropriate DMERC.				X					
4301.4.2	DMERCs shall deny claims for a supplying fee or a dispensing fee if not billed on the same as the drug that was supplied/dispensed.				X			X		
4301.5	The National Supplier Clearinghouse shall enroll hospitals with an A5 indicator.									X --NSC

### III. PROVIDER EDUCATION

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			
F I S S	M C S					V M S	C W F		

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			
F I S S	M C S					V M S	C W F		
4301.6	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							

**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> July 1, 2006</p> <p><b>Implementation Date:</b> July 3, 2006</p> <p><b>Pre-Implementation Contact(s):</b> Cindy Murphy, 410-786-5733, or <a href="mailto:cindy.murphy@cms.hhs.gov">cindy.murphy@cms.hhs.gov</a>; or Susan Guerin, 410-786-6138 or <a href="mailto:susan.guerin@cms.hhs.gov">susan.guerin@cms.hhs.gov</a>.</p> <p><b>Post-Implementation Contact(s):</b> Appropriate regional office</p>	<p><b>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</b></p>
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# Medicare Claims Processing Manual

## Chapter 17 - Drugs and Biologicals

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### Table of Contents

*(Rev. 882, 03-03-06)*

*90.4 – Hospital Billing for Take Home Drugs*

## 80.2.2 - Claims Processing Jurisdiction For Oral Anti-Emetic Drugs

(Rev. 882, Issued: 03-03-06; Effective: 07-01-06; Implementation: 07-03-06)

The following chart shows which drugs are billed to the local carrier *or FI* and which to the DMERC.

Per the BBA '97, effective for claims with dates of service on or after January 1, 1998, the claims processing jurisdiction rules in Chart 1 apply. *Effective July 1, 2006, claims from institutional (hospital) pharmacies are also billed as shown in this chart.*

CHART 1

COMBINATION	JURISDICTION
Oral <i>anti-cancer</i> chemotherapy drug with oral anti-emetic drug	<p>DMERC maintains processing responsibility for the NDC oral <i>anti-cancer</i> chemotherapy drug and the K0415 oral anti-emetic drug code combinations.</p> <p>DMERC processes the NDC oral <i>anti-cancer</i> chemotherapy drug and Q code oral anti-emetic drug(s) when provided in the physician's office.</p> <p>DMERC processes the NDC oral <i>anti-cancer</i> chemotherapy drug and/or Q code oral anti-emetic drug(s) when supplied by a pharmacy, <i>including a hospital pharmacy.</i></p>
Oral <i>anti-cancer</i> chemotherapy drug with rectal anti-emetic drug	DMERC maintains responsibility for processing both the NDC oral <i>anti-cancer</i> chemotherapy drug and the K0416 rectal anti-emetic drug.
Oral <i>anti-cancer</i> chemotherapy drug with intravenous anti-emetic drug	DMERC maintains responsibility for processing the NDC oral <i>anti-cancer</i> chemotherapy drug and the local carrier <i>or FI</i> for processing the intravenous anti-emetic J code drug(s).
Intravenous <i>anti-cancer</i> chemotherapy drug with oral anti-emetic drug	Local carrier <i>or FI</i> processes the intravenous J code <i>anti-cancer</i> chemotherapy drug. The oral anti-emetic Q code drug(s) is processed by the DMERC when provided in the physician's office, <i>hospital</i> , or when provided by a supplier.
Intravenous <i>anti-cancer</i> chemotherapy drug with intravenous anti-emetic drug	Local carrier <i>or FI</i> processes both intravenous <i>anti-cancer</i> chemotherapy J code drug and intravenous anti-emetic J code drug(s).

For claims with dates of service prior to January 1, 1998, per OBRA '93, the claims processing jurisdiction rules in Chart 2 apply.

### CHART 2

COMBINATION	UNDER OBRA '93
Oral <i>anti-cancer</i> chemotherapy drug with oral anti-emetic drug	DMERC processes both <i>oral anti-cancer</i> chemotherapy drug (NDC) [1] and the <i>oral</i> anti-emetic drug (HCPCS code J8498) [2].
Oral <i>anti-cancer</i> chemotherapy drug with rectal anti-emetic drug	DMERC processes both the <i>oral anti-cancer</i> chemotherapy drug (NDC) [1] and the anti-emetic drug (HCPCS code J8498) [2].
Oral <i>anti-cancer</i> chemotherapy drug with intravenous anti-emetic drug	DMERC processes the oral <i>anti-cancer</i> chemotherapy drug (NDC) [1] and the local carrier <i>or FI</i> processes the intravenous anti-emetic drug (NDC) [3].
Intravenous <i>anti-cancer</i> chemotherapy drug with oral anti-emetic drug	Local carrier <i>or FI</i> processes intravenous <i>anti-cancer</i> chemotherapy drug (NDC) [3] and self-administered oral anti-emetic drug is noncovered.
Intravenous <i>anti-cancer</i> chemotherapy drug with intravenous anti-emetic drug	Local carrier <i>or FI</i> processes both intravenous <i>anti-cancer</i> chemotherapy drug (NDC) [3] and intravenous anti-emetic drug (NDC) [3].

Key: 1 = OBRA '93 Legislation (Coverage for Oral Anti-Cancer Drugs)

2 = Carrier Manual Transmittal No. 1528 (November 1995) (Adds oral/rectal anti-emetic)

3 = "Incident to" a physician service

Providers (HIPAA definition) that bill the DMERC require a supplier number issued by the NSC in order to submit claims. Medicare Carriers *and Fiscal Intermediaries (FIs)* should instruct providers without a supplier number to contact the *National Supplier Clearinghouse* (NSC) service center at *1-866-238-9652* to request an enrollment package for a supplier number. *Alternatively, providers may go to the CMS Web site, [cms.hhs.gov/providers/enrollment/default.asp](http://cms.hhs.gov/providers/enrollment/default.asp), and download the Form CMS-855-S in Adobe Acrobat format. The application can be completed hard copy and submitted to the NSC.*

## 80.2.4 - Billing and Payment Instructions for FIs

*(Rev. 882, Issued: 03-03-06; Effective: 07-01-06; Implementation: 07-03-06)*

Claims for *the initial dose of the* oral anti-emetic drug aprepitant must be billed to the FI on the ASC 837I or on hard copy Form CMS-1450 (UB-92) with the appropriate cancer diagnosis and HCPCS code or CPT code. The following payment methodologies apply when furnished to hospital and SNF outpatients:

- Based on APC for hospitals subject to OPPS;
- Under current payment methodologies for hospitals not subject to OPPS; or
- On a reasonable cost basis for SNFs.

Institutional providers bill for aprepitant under Revenue Code 0636 (Drugs requiring detailed coding).

Medicare contractors shall pay claims submitted for services provided by a CAH as follows: Method I technical services are paid at 101% of reasonable cost; Method II technical services are paid at 101% of reasonable cost, and, Professional services are paid at 115% of the Medicare Physician Fee Schedule Data Base.

**NOTE:** Inpatient claims submitted for oral anti-emetic drugs are processed under the current payment methodologies.

## **90.4 –Hospital Billing For Take-Home Drugs**

**(Rev. 882, Issued: 03-03-06; Effective: 07-01-06; Implementation: 07-03-06)**

*All hospitals, including critical access hospitals (CAHs), bill the appropriate DMERC for take-home supplies of oral anti-cancer drugs, oral anti-emetic drugs and multi-day supplies of immunosuppressive drugs, as well as the associated supplying fees. All inhalation drugs and the associated dispensing fees are also billed to the DMERC.*

*Claims for these take-home drugs are billed on the NCPDP, a HIPAA-compliant telecommunication format specifically designed for drug billing. All entities billing on the NCPDP use the NDC for the particular drug being billed, and list units as multiples of the quantity represented by the NDC. Follow this link to reach the DMERC version of the NCPDC implementation guide:*

*<http://www.cms.hhs.gov/transmittals/downloads/R689CP.pdf>.*

*When beneficiaries come to a hospital outpatient department and have an encounter with a physician or mid-level professional (e.g., a physician assistant or nurse practitioner) during which one or more specimens are collected for laboratory work, treatment is monitored (including anti-cancer drugs, either oral or infused), and a drug is administered, this is considered an outpatient visit. Only when more than a single day's supply of a drug is dispensed to the beneficiary for take home use are the drugs so dispensed to be billed to the appropriate DMERC. When only today's drug(s) is (are) dispensed and other services are rendered in conjunction with the treatment, the entire visit is billed by the hospital to the local FI.*

*When a beneficiary in a hospital or skilled nursing facility (SNF) non-covered stay, or a hospital/SNF inpatient that has exhausted benefits (TOBs 12x or 22x, respectively) is given a covered oral anti-cancer or anti-emetic drug, or a covered immunosuppressive drug, the hospital or SNF bills its regular FI. Payment to hospitals is dependent on the applicable payment mechanism for the type of hospital (reasonable cost for TEFRA hospitals and CAHs, ambulatory payment classifications (APCs) for hospitals subject to the hospital outpatient PPS (OPPS)).*

*Immunosuppressive drugs and supplying fees provided by a dialysis facility in the State of Washington are billed to and paid by the FI.*

*Supplying fees and dispensing fees must be billed on the same claim as the drug.*