
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 110

Date: FEBRUARY 27, 2004

CHANGE REQUEST 3078

I. SUMMARY OF CHANGES: Payment for drugs furnished in independent dialysis facilities and outside the composite rate are based on the lower of billed charges or 95 percent Average Wholesale Price (AWP) for the calendar year 2004. These changes have been established with the "Medicare Prescription Drug, Improvement, and Modernization Act" (MMA) of 2003. The effective date for these changes is January 1, 2004.

NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2004

***IMPLEMENTATION DATE: March 29, 2004**

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 only receive the new/revised information, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	8/60/60.2/Drugs Furnished in Dialysis Facilities

***III. FUNDING:**

These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

X	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification

***Medicare contractors only**

Attachment - Business Requirements

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SUBJECT: New Requirements for payment of drugs furnished in independent dialysis facilities and paid outside of the composite rate for dates of service (DOS) starting on January 1, 2004. Drugs furnished in this setting will be paid at the lower of billed charges or 95 percent Average Wholesale Price (AWP) for the calendar year 2004. These changes have been established with the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, PL 108-173.

I. GENERAL INFORMATION

A. Background: New legislation signed into law on December 8, 2003, made changes to:

1. Drugs furnished in independent dialysis facilities will be paid the lower of billed charges or 95 percent AWP for the calendar year 2004.

B. Policy: Drugs not included in the Composite Rate that are furnished in independent dialysis facilities will be paid at the lower of billed charges or 95 percent AWP.

C. Provider Education: A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters 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 to their Web site, and include it in a listserv message if applicable, within one week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement #	Requirements	Responsibility
3078.1.1	Effective January 1, 2004, drugs furnished in independent dialysis facilities and paid outside of the composite rate shall be paid at the lower of billed charges or 95 percent AWP for dates of service (DOS) January 1, 2004, or later.	FI

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

Effective Date: January 1, 2004 Implementation Date: March 29, 2004 Pre-Implementation Contact(s): Pat Barrett, 410-786-0508 Post-Implementation Contact(s): Appropriate Regional Office	These instructions should be implemented within your current operating budget.
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60.2 - Drugs Furnished in Dialysis Facilities

(Rev. 110, 02-27-04)

Payment is made for drugs furnished in independent dialysis facilities, and paid outside the composite rate, based on the lower of billed charges or *95 percent Average Wholesale Price (AWP) for the calendar year 2004*. Coinsurance and deductible are applied to allowed charges.

Hospital-based facilities are paid *at cost with applicable coinsurance and deductibles*.

See the Medicare Benefit Policy Manual, Chapter 11, for a description of drugs that are part of the composite rate and when other drugs may be covered.

Except for EPO, (see [§60.4](#)), drugs and biologicals, such as blood, may be covered in the home dialysis setting only if the “incident to a physician’s services” criteria are met (i.e., it is not covered under the composite rate). Normally, a physician is not in the patient’s home when the drugs or biologicals are administered, and therefore, drugs and biologicals generally are not paid in the home setting.