

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 856

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Date: FEBRUARY 15, 2006

Change Request 4140

NOTE: Transmittal 746, dated November 4, 2005 is rescinded and replaced by Transmittal 856, dated February 15, 2006. The revised January 2005 pricing file was not provided as indicated in CR 4140. All references to the revised January 2005 pricing file throughout this document are removed. The original Business Requirements 4140.8 and 4140.9 are deleted. All other information remains the same.

SUBJECT: January 2006 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing File, Effective January 1, 2006, and Revisions to April 2005, July 2005, and October 2005 Quarterly ASP Medicare Part B Drug Pricing Files

I. SUMMARY OF CHANGES: This instruction informs Medicare contractors to download the January 2006, April 2005, July 2005, and October 2005 ASP drug pricing file for Medicare Part B drugs.

NEW/REVISED MATERIAL

EFFECTIVE DATE: January 1, 2005

IMPLEMENTATION DATE: January 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/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 – *Only One Per Row.*

R/N/D	Chapter / Section / SubSection / Title
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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:

One-Time Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 856	Date: February 15, 2006	Change Request 4140
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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 average sales price (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 (other than 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.

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 Sec303ASPdata@cms.hhs.gov . Contractors shall include “Pricing Request” in the subject line.									
4140.8	<i>Requirement deleted.</i>									
4140.9	<i>Requirement deleted.</i>									
4140.10	Contractors shall use the new April 2005 ASP and NOC drug pricing files for (1) those claims where the contractors are asked to retroactively adjust claims processed with the previous April 2005 files and (2) those claims with dates of service April 1, 2005 – June 30, 2005. Contractors shall not search and adjust claims that have already been processed unless brought to their attention.	X	X	X	X					
4140.11	Contractors shall overlay the previous April 2005 file with the new April 2005 file.	X	X	X	X					
4140.12	Contractors shall use the new July 2005 ASP and NOC drug pricing files for (1) those claims where the contractors are asked to retroactively adjust claims processed with the previous July 2005 files and (2) those claims with dates of service July 1, 2005 – September 31, 2005. Contractors shall not search and adjust claims	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			
F I S S	M C S					V M S	C W F		
	that have already been processed unless brought to their attention.								
4140.13	Contractors shall overlay the previous July 2005 file with the new July 2005 file.	X	X	X	X				
4140.14	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				
4140.15	Contractors shall overlay the previous October 2005 file with the new October 2005 file.	X	X	X	X				

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		
4140.16	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	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			
F I S S	M C S					V M S	C W F		
	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.								

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>Effective Date*: January 1, 2005</p> <p>Implementation Date: January 3, 2006</p> <p>Pre-Implementation Contact(s): Angela Mason, 410-786-7452 or Marjorie Baldo, 410-786-4617</p> <p>Post-Implementation Contact(s): Appropriate Regional Office</p>	<p>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</p>
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