

Heading: FYI

Competitive Acquisition Program (CAP) for Drugs and Biologicals: Billing Tips for the Medicare Billing Staff of Physicians Participating in the CAP

Background

The CAP is an alternative to the Average Sales Price (ASP) methodology for acquiring certain Part B drugs administered in physicians' offices. Participating CAP physicians must obtain all CAP drugs from an Approved CAP Vendor. Drugs that are not available through the CAP can be purchased through the ASP methodology.

The CAP drug list is available in the 'Downloads' section on the Centers for Medicare and Medicaid Services (CMS) website at:

http://www.cms.hhs.gov/CompetitiveAcquisforBios/02_infophys.asp#TopOfPage

Elements of a Physician's CAP Claim

Participating CAP Physicians submit CAP drug administration claims to their Local Carrier/ Medicare Administrative Contractor (MAC), and these claims must include a "no pay" line that contains information on the administered CAP drug and the administration/Evaluation & Management (E & M). Participating CAP physicians must submit either electronic or paper CAP claims within 30 days of drug administration. The approved CAP Vendor is responsible for billing Medicare for the drugs and collecting cost sharing amounts from Medicare patients.

Each CAP Physician claim must include the following:

- HCPCS code(s) "no pay" claim line for each CAP drug.
- Administration/E & M.
- Appropriate CAP modifier(s).
- Billed amount for each CAP drug. The billed amount must not be left blank and a zero amount cannot be billed.
- Prescription order number (Rx order #) provided by the Approved CAP Vendor. This number can be up to 30 digits long.
 - Reported in Item 19 on the CMS-1500 (08-05) Claim Form. For ANSI 4010A1 electronic claims at the line level in the 2410 Loop, REF02 (REF01=XZ).
- National Drug Code (NDC) is required only on electronic claims. An NDC must be submitted in 2410 Loop, LIN03 (LIN02=N4).

CAP Modifiers

Appropriate CAP modifiers must be placed on all claims for drugs obtained from an Approved CAP Vendor. These modifiers only need to be affixed to CAP drug(s)/HCPCS code(s).

J1	The CAP “no-pay” modifier is used in the drug administration claim on a “no pay” line and indicates that the drug was obtained through CAP. This modifier may be combined with a J2 modifier on the same line.
J2	This CAP modifier is used to restock drugs from a physician’s inventory that were used in an emergency (as defined by the CAP). The “J1” no-pay modifier, followed by the “J2” modifier, must be included with the HCPCS code on the same “no pay” claim line.
J3	This CAP modifier is used if a particular NDC for a CAP drug is not available from the Approved CAP Vendor, the Participating CAP Physician may use the “Furnish As Written” provision and purchase the drug from a source other than the Approved CAP Vendor. Such drugs are to be acquired and reimbursed under the average sales price (ASP) methodology. The J3 modifier should not be added to a claim line with a J1 or J2 modifier.
M2	<p>The M2 modifier is used in the unusual circumstance when:</p> <ul style="list-style-type: none"> • Another insurance is thought to be primary to Medicare and the CAP physician orders drug via an alternate method, -AND- • The CAP physician’s office later determines that Medicare is primary and that the drug should have been ordered through the Approved CAP Vendor. <p>The physician group will affix the M2 modifier to the drug line of their claim and submit it to the Local Carrier/ MAC. This will allow the Local Carrier’s/MAC’s claims processing system to make a payment for the claim under ASP. Participating CAP physicians are required to maintain documentation in the Beneficiary’s medical record to provide further information on why they determined that Medicare was secondary to another payer. The Local Carrier/MAC may request this documentation for review purposes.</p>

Reminders For Submitting CAP Claims

- Each claim should contain:
 - One line pertaining to administration of CAP drug. This line should include the CPT code for the drug administration and/or office visit associated with this CAP drug.
 - One “no pay” line that contains the CAP modifier(s), the Rx order #, and CAP drug(s)/HCPCS code(s).
- Participating CAP Physicians submit CAP drug administration claims to their Local Carrier/MAC.
- CAP physicians should confirm that their billing software and/or clearinghouses support CAP claim submission, including the prescription order number and National Drug Code (NDC) elements.
- Include the appropriate CAP modifiers on the CAP drug (s) HCPCS code (s) so the drug administration and the CAP Vendor’s claim will process correctly.

Physicians should direct questions about billing for CAP claims to their Local Carrier/MAC. A listing of Medicare Carriers entitled “Medicare Carrier Addresses” is located in the ‘Related Links Inside CMS’ section at http://www.cms.hhs.gov/CompetitiveAcquisforBios/02_infophys.asp .