Program Memorandum Carriers

Department of Health and Human Services (DHHS)
HEALTH CARE FINANCING ADMINISTRATION (HCFA)

Transmittal B-01-10 **Date: FEBRUARY 9, 2001**

CHANGE REQUEST 1553

SUBJECT: Systems Requirements for the Benefits Improvement and Protection Act of 2000 (BIPA) for Drugs and Biologicals Covered by Medicare, Section 114, Mandatory Submission of Assigned Claims for Drugs and Biologicals

This Program Memorandum (PM) addresses requirements in §114 of the BIPA with respect to drugs and biologicals covered by the Medicare program. This PM contains systems changes necessary to implement the policy in CR 1514 which mandated that all drugs and biologicals billed to Medicare must be billed on an assigned basis. This PM is only applicable to drugs and biologicals provided incident to physician or non-physician practitioner's services. A separate PM will follow with instructions for suppliers and DMERCs.

Mandatory Assignment

Under §114 of BIPA, payment for any drug or biological covered under Part B of Medicare may be made only on an assignment-related basis. Therefore, no charge or bill may be rendered to anyone for these drugs and biologicals for any amount except the Medicare Part B deductible and coinsurance amounts.

Inform physicians and non-physician practitioners in your next bulletin of this provision of the law. Advise them that they must take assignment on claims for drugs and biologicals furnished on or after February 1, 2001. Also advise them that unassigned claims for drugs or biologicals furnished on or after February 1, 2001 will be paid as though they had taken assignment.

Process all claims for drugs and biologicals with a date of service on or after February 1, 2001 as though the physician or non-physician practitioner had taken assignment. If only drugs and biologicals are billed on the claim, and the claim was submitted as unassigned, change the claim to assigned and process as an assigned claim. If a physician or non-physician practitioner submits an unassigned claim that contains both codes for drugs or biologicals and codes for other services, split the claim into two claims. The first claim will be an unassigned claim for services other than drugs or biologicals, and the second will be an assigned claim for drugs or biologicals furnished on or after February 1, 2001.

When a claim for drugs and biologicals was submitted as an unassigned claim and you changed the claim to assigned status (regardless of whether you had to split the claim), use the following messages to physicians or suppliers and beneficiaries.

? Use claim adjustment reason code 45, “Charges exceed your contracted/legislated fee arrangement,” in addition to new remittance advice remark code N71, “Your unassigned claim for a drug or biological was processed as an assigned claim. The law requires that you must take assignment on all claims for drugs and biologicals.” As with any new remark code, notify potential recipients of the meaning of the new code prior to initial transmission.

? Use MSN 16.50 EOMB 16.34 English, “The doctor or supplier may not bill more than the Medicare approved amount,” or MSN 16.50 EOMB 16.34 Spanish, “El doctor o suplidor no podrá facturar más que la cantidad aprobada por Medicare.”

Carriers need not search claims history and reprocess claims, but should make adjustments as they are brought to their attention.

Carriers must publish this information in their next regularly scheduled bulletins and include this information on web sites and in routine training sessions.

The *effective date* for this PM is February 1, 2001.

The *implementation date* for this PM is July 1, 2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded after June 30, 2002.

If you have any questions, contact your regional office.