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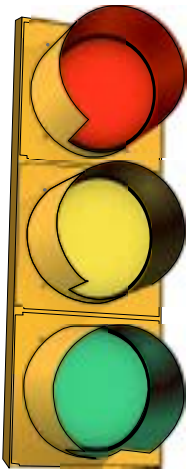
Implementation Date: January 30, 2004

MMA Pricing File Clarifications

Providers Affected

All providers who bill Medicare Carriers and Fiscal Intermediaries for Part B services.

Provider Action Needed



STOP – Impact to You

Providers who previously accessed drugs and biologicals pricing files at CMS' web site should be aware that corrected files have been issued.

CAUTION – What You Need to Know

Providers should be aware that this instruction provides corrections to the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 pricing files that were provided with Pub.100-04, Revision 54, issued on December 24, 2003.

GO – What You Need to Do

If you are using the files from the CMS web site (listed below), be sure you have the most current version.

Background

The Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 changed the basis for payment of drugs and biologicals not paid on a cost or prospective payment basis, and furnished on or after January 1, 2004, through December 31, 2004. This instruction provides:

- Corrections to the MMA pricing files that were provided with Pub.100-04, Revision 54, issued on December 24, 2003; and
- Directions to replace the MMA pricing files provided with Pub.100-04, Revision 54, with the new files available at <http://cms.hhs.gov/providers/drugs/default.asp>. (MMA Drug Payment Limits Pricing Files For Dates of Service 1/1/2004 and After – Revised). These files are for claims for drugs and

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biologicals not paid on a cost or prospective payment basis with dates of service on or after January 1, 2004.

Beginning January 1, 2004, MMA provides that the payment limits for most drugs and biologicals not paid on a cost or prospective payment basis are based on 85 percent of the April 1, 2003 Average Wholesale Price (AWP) for those drugs and biologicals furnished on and after January 1, 2004.

Exceptions

The exceptions to this general rule and Medicare payment limits for drugs and biologicals not paid on a cost or prospective payment basis and furnished on or after January 1, 2004 through December 31, 2004, are described below:

- The payment limits for blood clotting factors are 95 percent of the AWP reflected in the published compendia as of September 1, 2003.
- The payment limits for new drugs or biologicals are 95 percent of the AWP reflected in the published compendia as of September 1, 2003. The payment limits for new drugs or biologicals without AWP listings in the published compendia as of September 1, 2003, are based on 95 percent of the AWP reflected in the published compendia as of the first of the month the payment limit for the drug or biological is determined.

For the purposes of this instruction, a new drug is an unlisted drug (not currently covered by a specific HCPCS code; i.e., a HCPCS code other than a NOC code such as J3490, J9999, etc.) that was approved by the Food and Drugs Administration (FDA) subsequent to April 1, 2003. A drug is not considered to be a new drug if:

- The brand or manufacturer of the drug changes;
- A new vial size is developed; or
- The drug receives a new indication.
- The payment limits for influenza, pneumococcal and hepatitis B vaccines are 95 percent of the AWP reflected in the published compendia as of September 1, 2003.
- The payment limits for certain drugs studied by the OIG and GAO are based on the percentages of the AWP reflected in the published compendia as of April 1, 2003 specified in Table 1 in §20 of Chapter 17 of the Medicare Claims Processing Manual, Pub. 100-04.
- The payment limits for infusion drugs furnished through a covered item of durable medical equipment on or after January 1, 2004 is 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 limits for drugs and biologicals furnished in connection with dialysis and billed by independent dialysis facilities are based on 95 percent of the AWP reflected in the published compendia as of September 1, 2003.

Drugs and biologicals not described above are paid at 85 percent of the AWP as reflected in the published compendia as of April 1, 2003.

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The Medicare payment limit for drugs and biologicals not paid on a cost or prospective payment basis and furnished prior to January 1, 2004 is 95 percent of AWP.

Payment limits determined under this instruction will not be updated during 2004.

Note that the absence or presence of a HCPCS code and its associated payment limit in these files does not indicate Medicare coverage of the drug. Similarly, the inclusion of a payment limit within a specific column does not indicate Medicare coverage of the drug in that specific category. These determinations will be made by the local Medicare contractor processing the claim.

For any drug or biological not listed in the attached pricing files, intermediaries and carriers will determine the payment allowance in accordance with the policies described in the transmittal (R75CP).

Implementation

The effective and implementation date of these changes was January 30, 2004.

Additional Information

As mentioned previously, this instruction provides corrections to and directs the replacement of MMA pricing files provided with Pub.100-04, Rev.54, issued on December 24, 2003 with new files available at:

<http://cms.hhs.gov/providers/drugs/default.asp> (MMA Drug Payment Limits Pricing Files For Dates of Service 1/1/2004 and After – Revised).

The Centers for Medicare & Medicaid Services (CMS) web page furnishes drug-related information to Medicare providers, physicians and other suppliers, Medicare beneficiaries and to the public. Once at the website, the path to the MMA pricing files is:

[Medicare Drugs Information Resource/Drug Pricing Files/Medicare Prescription Drug, Improvement, and Modernization Act \(MMA\)/MMA Drug Payment Limits Pricing Files for Dates of Service 1/1/2004 and After – Revised 1/30/04.](#)

The relevant files include the following:

- **HCPCS Drug Pricing File** - Microsoft Excel file (zip 31Kb),
- **FI Specific HCPCS Drug Pricing File** - Microsoft Excel file (zip 21Kb),
- **HCPCS Drug Pricing Background File** for Other than ESRD-Related or DME Infusion Drugs - Microsoft Excel file (zip 136Kb),
- **HCPCS Drug Pricing Background File** for ESRD Drugs - Microsoft Excel file (zip 135Kb),
- **HCPCS Drug Pricing Background File** for DME Infusion Drugs - Microsoft Excel file (zip 8Kb), and
- **NOC Drug Pricing** - Microsoft Excel file (zip 16Kb).

Affected providers should note that Medicare carriers and FIs have been instructed to apply these changes to new claims received and they are not automatically adjusting claims previously paid.

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However, these Medicare contractors have been instructed to adjust claims that are brought to their attention by the provider. Thus, if you have been paid an incorrect amount on a previously paid claim, you can submit an adjustment to your Medicare contractor and it will be processed.

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