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## ***MMA-New Bases for Medicare Payment Amounts for DMERC Drugs***

### **Provider Types Affected**

Providers/suppliers who bill Durable Medical Equipment Regional Carriers (DMERCs) for drugs under Medicare.

### **Provider Action Needed**

Providers/suppliers should note that a new basis for Medicare drug payment amounts has been established with enactment of the "Medicare Prescription Drug, Improvement, and Modernization Act of 2003" (MMA). Also, a new section has been added to Chapter 17 of the Medicare Claims Processing Manual on the calculation of the payment allowance limits for DMERC Drugs.

### **Background**

A new basis for Medicare drug payment amounts has been established with the MMA.

Beginning January 1, 2004 and based on the implementation of the MMA, payment for drugs and biologicals will be paid at 85 percent of the Average Wholesale Price (AWP) for the Healthcare Common Procedure Coding System (HCPCS) payment amount based on the April 1, 2003 fee schedule. Exceptions to this calculation are listed below:

1. The payment limits for infusion drugs furnished through an item of durable medical equipment on or after January 1, 2004 will be 95 percent of the October 1, 2003 AWP.
2. The payment limits for new drugs or biologicals will be 95 percent of the AWP.
3. The payment limits for certain drugs studied by the Office of the Inspector General (OIG) and General Accounting Office (GAO) are based on the percentages of the April 1, 2003 AWP's specified in Table 1 in Chapter 17, Section 20 of the Medicare Claims Processing Manual (Pub 100-04).
4. Payment limits determined under this instruction are frozen.

### **Implementation**

January 1, 2004.

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## Related Instructions

Please refer to the Medicare Claims Processing Manual, Chapter 17, Section 20/Subsection 20.2, Calculation of the Payment Allowance Limit for Durable Medical Equipment Regional Carrier (DMERC) Drugs.

To view this chapter, please visit:

[http://www.cms.hhs.gov/manuals/104\\_claims/clm104c17.pdf](http://www.cms.hhs.gov/manuals/104_claims/clm104c17.pdf)

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