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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 269

Date: AUGUST 3, 2004

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### CHANGE REQUEST 3231

*NOTE: This transmittal replaces Transmittal 244, dated July 23, 2004. This revises business requirement, 3231.2. All other information in this Change Request remains the same.*

**I. SUMMARY OF CHANGES:** The standard for the number of online pricing files maintained by carriers for paying drug claims is eight fee screens/pricing files for Part B drugs billed to carriers for payment on a fee-for-service basis.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2005**

**\*IMPLEMENTATION DATE: January 3, 2005**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)**

**(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)**

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	Chapter 17/Table of Contents
N	17/20.1.1/Online Pricing Files for Average Sales Price

**\*III. FUNDING:**

**These instructions shall be implemented within your current operating budget.**

**IV. ATTACHMENTS:**

X	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

**\*Medicare contractors only**

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 269	Date: August 3, 2004	Change Request 3231
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*NOTE: This transmittal replaces Transmittal 244, dated July 23, 2004. This revises business requirement, 3231.2. All other information in this Change Request remains the same.*

**SUBJECT: Number of Drug Pricing Files That Must Be Maintained Online for Medicare**

## I. GENERAL INFORMATION

**A. Background:** CMS mandates a standard for the number of online pricing files that must be maintained by the carrier standard systems for determining the applicable allowed amount for paying fee-for-service drug claims. This instruction increases that standard to eight drug fee screens/pricing files to facilitate the implementation of the Average Sales Price (ASP) pricing methodology.

Beginning January 1, 2005, the payment limit for Part B drugs and biologicals will be based on the ASP. Drugs will be paid based on the lower of the submitted charge or the ASP. These drugs continue to be priced based on date of service.

**B. Policy:** The standard for the number of online pricing files maintained by carriers for paying drug claims is eight fee screens/pricing files for Part B drugs billed to carriers for payment on a fee-for-service basis.

MCS will implement these requirements beginning January 1, 2005.

VIPS is exempt from the requirements of this CR.

**C. Provider Education:** A provider education article related to this instruction will be available at [www.cms.hhs.gov/medlearn/matters](http://www.cms.hhs.gov/medlearn/matters) shortly after the CR is released. You will receive 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 website and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
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3231.1	Standard system shall maintain eight online pricing files for determining approved charges for Part B drugs. This shall include the capability to accommodate multiple fee screens within a calendar year so that systems changes would not be required if prices change during the year.	MCS SSM
3231.2	Beginning January 1, 2005 the 1st pricing file will be the latest MMA drug pricing file (1/1/04 - 12/31/04). The 2nd pricing file will be the current ASP pricing file (1/1/05). Pricing files 3 through 8 will be the additional quarterly updates to the ASP files as they are received each quarter (4/1/05, 7/1/05, 10/1/05, 1/1/06 and so on until 8 periods are filled). After 8 periods are filled and additional periods are received carriers shall drop the oldest period with each addition.	MCS SSM
3231.3	Carriers shall use the online pricing file applicable to the billed date of service.	MCS Carriers MCS SSM
3231.4	Carriers shall use the oldest online drug pricing file to price Part B drug claims with dates of service prior to the earliest fee screen effective date.	MCS Carriers

**III. 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

**IV. SCHEDULE, CONTACTS, AND FUNDING**

<p><b>Effective Date:</b> The effective date for MCS is January 1, 2005.</p> <p><b>Implementation Date:</b> The implementation date for MCS is January 3, 2005.</p> <p><b>Pre-Implementation Contact(s):</b> Appropriate Regional Office</p> <p><b>Post-Implementation Contact(s):</b> Appropriate Regional Office</p>	<p>These instructions shall be implemented within your current operating budget.</p>
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# Medicare Claims Processing Manual

## Chapter 17 - Drugs and Biologicals

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Table of Contents

*(Rev.269, 08-03-04)*

*20.1.1 – Online Pricing for Average Sales Price*

***20.1.1 – Online Pricing Files for Average Sales Price***

***(Rev. 269, Issued 08-03-04, Effective: January 1, 2005/Implementation: January 3, 2005)***

*Beginning January 1, 2005, the standard for the number of online pricing files maintained by carriers for determining the applicable allowed amount for paying drug claims is eight fee screens/pricing files for Part B drugs billed to carriers for payment on a fee-for-service basis. VIPS will continue to hold five pricing files.*