

Part B Insider (Multispecialty) Coding Alert

Drug Pricing: 2005 Drug Rates Will Be A Surprise - Even To CMS

Nobody will know in advance the numbers on which Medicare will base drug payments in 2005, not even the **Centers for Medicare & Medicaid Services**.

That's because CMS will base the 2005 drug payments on 106 percent of the "average sales price" for the third quarter of 2004. CMS won't have that data until early December, and it'll be a scramble to translate the data into HCPCS codes in time for Jan. 1, 2005.

When the final physician fee schedule rule comes out in November, it'll be based on second quarter 2004 data, which CMS just received. CMS officials referred to this as the second of its "dry runs" for figuring out how to translate raw drug data into prices.

The Relative Value Update Committee will meet in late September to consider proposed new CPT codes for drug administration, CMS officials reported at the **Practicing Physicians Advisory Council** meeting. It's still not clear what, if any, new codes will make it into the 2005 CPT code book. The officials raised the possibility that CMS could issue new G-codes for drug administration and then continue to work with the **American Medical Association** to issue new CPT codes.

"It's difficult to know, without seeing what the CPT panel comes up with in terms of their recommendations, exactly what 2005 will look like," said one CMS official.

Physicians pleaded with CMS to provide drug pricing data as soon as possible. "I'm going to have two months to decide which office I'm going to close, which employees I'm going to lay off, what services I'm going to provide," said one doctor.