

Part B Insider (Multispecialty) Coding Alert

DRUG REIMBURSEMENT: CMS Invites Least Costly Alternative for Drugs

Medicare's new Single Drug Pricer doesn't mean that the Centers for Medicare & Medicaid Services has given up on the idea of using inherent reasonableness to cut drug payments, CMS says in a new program memo.

The new memo, AB-03-047, also corrects Medicare prices for two drugs, retroactive to Jan. 1. Medicare will reimburse \$76 per dose for J1563, injections of intravenous immune globulin, and \$16.45 per dose for J1260, dolasetron mesylate. An earlier correction, issued Jan. 14, had reduced the rate for J1563 to \$55 per dose.

The Jan. 14 correction, issued in a "joint letter," also adjusted payments for J9216, J2352, J7340 and [J7342](#) retroactive to Jan. 1.

CMS says the carriers shouldn't go back and retroactively adjust claims for the drugs to reflect these new payment levels. But "carriers should adjust claims brought to their attention." In other words, if you've been receiving the lower payment level for J1563 since mid-January, you should contact your carrier to receive the extra \$21 per dose.

National Plan Cuts Confusion

Medicare established the Single Drug Pricer back in January to eliminate regional inconsistencies in drug prices. The SDP sets a uniform payment allowance for drugs as part of the average wholesale price, based on which Medicare sets prices by law.

Besides reserving the right to use inherent reasonableness to cut drug prices, CMS also invites the carriers to keep setting a "least costly alternative" for drugs. Medicare always pays for the least costly alternative over more expensive options. When the carriers identify a least costly alternative for drugs, CMS states, they must use the SDP price for that alternative.

Also, the existence of an SDP price for a particular drug doesn't mean Medicare will cover it, CMS stresses. Coverage decisions are separate from pricing ones.

CMS also clarifies that Q codes applicable to physician claims for epoetin are also covered under the SDP. For nonphysician claims for Q codes, the statutory limit applies.