

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
7500 Security Boulevard
Baltimore, Maryland 21244-1850



Center for Medicare

DATE: December 6, 2017

TO: All Medicare Advantage Organizations, Cost Plans, PACE Organizations, and Demonstrations

FROM: Jennifer Harlow, Deputy Director, Medicare Plan Payment Group

SUBJECT: Guidance on Non-contract Provider Payments for Seasonal Influenza Vaccines (2017-2018 Flu Season)

CMS is issuing this memorandum to provide guidance to Medicare Advantage (MA) organizations (MAOs), Cost Plans, PACE Organizations, and Demonstrations regarding payments to non-contract providers for seasonal influenza virus vaccines furnished in the 2017-2018 flu season, which began on August 1, 2017.

The Medicare Part B payment allowances for the 2017-2018 flu season have been posted on the CMS Seasonal Influenza Vaccines Pricing webpage at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/VaccinesPricing.html>. MAOs should periodically monitor the CMS Seasonal Influenza Vaccines Pricing webpage for updates to products and payment allowances.

Non-contract Provider Payments for Influenza Vaccines

When an MAO arranges for an MA plan enrollee to receive a covered service from a non-contract provider (including a provider who is “deemed” to be contracting under a private fee for service (PFFS) plan), the MAO is required to provide payment in an amount the provider would have received under Medicare Fee-for-Service (FFS) (42 CFR 422.100(b)(2)).

Under Medicare FFS, payment allowances for influenza vaccines are calculated as 95 percent of the Average Wholesale Price (AWP), except where the vaccine is furnished in a hospital outpatient department (OPD), Rural Health Clinic (RHC), or Federally Qualified Health Center (FQHC). Where an influenza vaccine is furnished in the hospital outpatient department, RHC, or FQHC, FFS payment for the vaccine is based on reasonable cost.

Therefore, for influenza vaccines furnished by a non-contract provider in a setting other than a hospital OPD, RHC, or FQHC, MAOs must pay the lesser of the billed charge or 95 percent of the AWP. MAOs must pay the reasonable cost for influenza vaccines furnished by a non-

contract provider in a hospital OPD, RHC, or FQHC.

Timing of Payment Allowance Updates

The updated payment allowances for the 2017-2018 flu season posted on the CMS Seasonal Influenza Vaccines Pricing webpage at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/VaccinesPricing.html> are in effect from August 1, 2017 to July 31, 2018, unless otherwise noted.

If you have any questions about this HPMS notice, please contact Sean O'Grady at sean.ograde@cms.hhs.gov.