Exceptions to Average Sales Price (ASP) Payment Methodology – Claims Processing Manual Changes

MLN Matters Number: MM12854  Related Change Request (CR) Number: 12854
Related CR Release Date: August 25, 2022  Effective Date: October 26, 2022
Related CR Transmittal Number: R11572CP  Implementation Date: October 26, 2022

Provider Types Affected

This MLN Matters Article is for physicians, other providers, and suppliers billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients.

Provider Action Needed

Make sure your billing staff knows about:

- Updates to Chapter 17 of the Medicare Claims Processing Manual
- Exceptions to ASP payment methods

Background

Payment for most Part B drugs is based on the ASP. In some circumstances, CMS uses other methods, such as Wholesale Acquisition Cost (WAC) and Average Wholesale Price (AWP). CR 12854 updates language in chapter 17, section 20.1 so the manual aligns with recent changes to the add-on percentage for WAC-based payments for new drugs. Updates also show other recent legislation that changed the payment for infusion drugs you provide through a covered item of Durable Medical Equipment (DME) from AWP to ASP (or another applicable methodology). The manual changes in CR 12854 will primarily affect Part B and DME MACs.

For claims with dates of service on or after January 1, 2019, the add-on percentage for WAC-based payments determined by MACs for new drugs before an ASP-based payment limit is available is up to 3%. This policy doesn't apply in the Outpatient Prospective Payment system where payment remains at 95% of the published AWP.

Payment for infusion drugs provided through a covered item of DME on or after January 1, 2017 is based on ASP (or other applicable methodology in Sections 1847, 1847A, 1847B or 1881(b)(13) of the Social Security Act).
MACs develop payment allowance limits for covered drugs when we don’t supply the payment allowance limit on the ASP drug pricing files (including the Not Otherwise Classified (NOC) Pricing file). If we make a payment limit available, MACs substitute CMS-provided payment limits for pricing based on WAC, invoice or other applicable pricing methodology.

More Information

We issued CR 12854 to your MAC as the official instruction for this change.

For more information, find your MAC’s website.

Document History

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<th>Date of Change</th>
<th>Description</th>
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<tr>
<td>August 30, 2022</td>
<td>Initial article released.</td>
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