



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

Date of Change	Description
August 30, 2022	Initial article released.

Disclaimer: Paid for by the Department of Health & Human Services. This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2021 American Medical Association. All rights reserved.

Copyright © 2013-2022, the American Hospital Association, Chicago, Illinois. Reproduced by CMS with permission. No portion of the AHA copyrighted materials contained within this publication may be copied without the express written consent of the AHA. AHA copyrighted materials including the UB-04 codes and descriptions may not be removed, copied, or utilized within any software, product, service, solution or derivative work without the written consent of the AHA. If an entity wishes to utilize any AHA materials, please contact the AHA at 312-893-6816. Making copies or utilizing the content of the UB-04 Manual, including the codes and/or descriptions, for internal purposes, resale and/or to be used in any product or publication; creating any modified or derivative work of the UB-04 Manual and/or codes and descriptions; and/or making any commercial use of UB-04 Manual or any portion thereof, including the codes and/or descriptions, is only authorized with an express license from the American Hospital Association. To license the electronic data file of UB-04 Data Specifications, contact Tim Carlson at (312) 893-6816. You may also contact us at ub04@healthforum.com

The American Hospital Association (the "AHA") has not reviewed, and is not responsible for, the completeness or accuracy of any information contained in this material, nor was the AHA or any of its affiliates, involved in the preparation of this material, or the analysis of information provided in the material. The views and/or positions presented in the material do not necessarily represent the views of the AHA. CMS and its products and services are not endorsed by the AHA or any of its affiliates.