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Lilly Oncology

Reimbursement Update

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Lilly Oncology is pleased to offer this newsletter as part of our commitment to patient access to care. For more information about the topics discussed in this issue, please contact Rick Ford, Director of Reimbursement Consulting for AccessMED, at 913-744-6001.

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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 the written law or regulations or local payer guidelines. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

CMS Asks Hospitals to Improve Claims Data for Drugs and Biologicals

The Centers for Medicare and Medicaid Services continues to ask hospitals to improve the data they submit on UB-04 claim forms for drugs and biologicals provided in the hospital outpatient setting and covered by Medicare Part B. In a transmittal released to Medicare Administrative Contractors in mid-December 2009, CMS addressed the issue of faulty data submitted by hospitals and the negative impact this can have on future reimbursement rates.ⁱ

In the transmittal, CMS states that "...more complete data from hospitals on the drugs and biologicals provided during an encounter would help improve payment accuracy for separately payable drugs and biologicals in the future. CMS strongly encourages hospitals to report HCPCS codes for all drugs and biologicals furnished, if specific codes are available. CMS realizes that this may require hospitals to change longstanding reporting practices. Precise billing of drug and biological HCPCS codes and units, especially in the case of packaged drugs and biologicals for which the hospital receives no separate payment, is critical to the accuracy of the OPPS payment rates for drugs and biologicals each year..."ⁱⁱ

Accurate reporting of HCPCS billing units has been a particular source of confusion for hospital billers. For example, in the 2010 Hospital Outpatient Prospective Payment System Final Rule, CMS describes a situation in which the 2010 allowables for certain radiopharmaceuticals were affected because hospitals incorrectly reported the service units associated with those products on claim forms submitted to Medicare in 2008. A portion of the data that would otherwise have been used to establish payment rates was discarded by CMS because the service units were deemed to be inaccurate.ⁱⁱⁱ

It is essential therefore that hospitals understand that HCPCS billing units are determined by the HCPCS code description, which quite often does not correlate with the way a drug is packaged, stored or stocked. Units should be reported in multiples of the units included in the HCPCS descriptor. Examples of how HCPCS billing units are determined are shown in the table on the next page.^{iv}

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Table 1: Determining HCPCS Billing Units		
If the description for the drug code is:	...and if the drug administered to the patient is:	...then the units billed should be:
6 mg	6 mg	1
50 mg	200 mg	4
1 mg	10 mg vial	10

CMS uses the data supplied by hospitals on the UB-04 claim form to establish allowables for certain items and services, so to help ensure that future reimbursement rates accurately reflect costs and resources, it is essential that hospitals provide the detail in a format usable by CMS. The agency recommends that hospitals use revenue code 0636 (drugs requiring detailed coding) when billing for drugs and biologicals that have HCPCS codes. Although hospitals are not *required* to bill in this manner, using revenue code 0636 with HCPCS codes and accurately reporting billing units will provide CMS with the most complete and detailed information for future rate setting.^v

Transmittal 1871, “January 2010 Update of the Hospital Outpatient Prospective Payment System,” is available on the CMS Web site at <http://www.cms.hhs.gov/transmittals/downloads/R1871CP.pdf>. ♦

End Notes

ⁱ Centers for Medicare and Medicaid Services, Transmittal 1871/Change Request 6751: January 2010 Update of the Hospital Outpatient Prospective Payment System (OPPS). <http://www.cms.hhs.gov/transmittals/downloads/R1871CP.pdf>. Accessed December 17, 2009.

ⁱⁱ *Ibid*, Section 11.a. Accessed December 17, 2009.

ⁱⁱⁱ CMS – Medicare Program: Changes to the Hospital Outpatient Prospective Payment System and CY 2010 Payment Rates. *Federal Register*, November 20, 2009; page 60523. http://www.access.gpo.gov/su_docs/fedreg/a091120c.html. Accessed December 17, 2009.

^{iv} Centers for Medicare and Medicaid Services, Transmittal 1871/Change Request 6751: January 2010 Update of the Hospital Outpatient Prospective Payment System (OPPS). <http://www.cms.hhs.gov/transmittals/downloads/R1871CP.pdf>, Section 11.h. Accessed December 17, 2009.

^v *Ibid*, Section 11.a. Accessed December 17, 2009