

Drug	Percentage used to calculate 2004 payment limit
DOLASETRON MESYLATE	80
FILGRASTIM	81
HYLAN G-F 20	82
MYCOPHENOLATE MOFETIL	86
GRANISETRON HCL	80
ONDANSETRON	87
VINORELBINE TARTATE	81
SARGRAMOSTIM	80
TOPOTECAN	84
IPRATROPIUM BROMIDE	80
ALBUTEROL SULFATE	80
IMMUNE GLOBULIN	80
LEUCOVORIN CALCIUM	80
DOXORUBICIN HCL	80
DEXAMETHOSONE SODIUM PHOSPHATE ...	86
HEPARIN SODIUM LOCK-FLUSH	80
CROMOLYN SODIUM	80
ACETYLCYSTEINE	80

(5) The payment limits for imiglucerase and alglucerase are calculated using 94 percent of the average wholesale price determined as of April 1, 2003.

(6) Exception. The payment limit for a drug otherwise subject to paragraph (a)(1)(ii) or paragraph (a)(4) of this section may be calculated using the percentage of the average wholesale price as the Secretary deems appropriate based on data and information submitted by the drug manufacturer.

(i) The manufacturer must submit data after October 15, 2003 and before January 1, 2004.

(ii) The percentage only applies for drugs furnished on or after April 1, 2004.

(7) In the case of blood and blood products (other than blood clotting factors), the payment limits shall be determined in the same manner as such payment limit was determined on October 1, 2003.

(b) *Mandatory assignment.* Effective with services furnished on or after February 1, 2001, payment for any drug covered under Part B of Medicare may be made on an assignment-related basis only. All billers must accept the program allowed charge as payment in full and may not bill nor collect from the beneficiary any amount other than the unmet Part B deductible and Part B coinsurance amounts, if applicable. Violations of this requirement may subject the supplier to sanctions, as provided by the statute (See § 402 of this chapter).

(c) *Mandatory reporting of anemia quality indicators.* The following provisions are effective January 1, 2008:

(1) Each request for payment for anti-anemia drugs furnished to treat anemia resulting from the treatment of cancer must report the beneficiary's most recent hemoglobin or hematocrit level;

(2) Each request for payment for use of erythropoiesis stimulating agents must report the beneficiary's most recent hemoglobin or hematocrit level.

[69 FR 1116, Jan. 7, 2004, as amended at 72 FR 66402, Nov. 27, 2007; 85 FR 71197, Nov. 6, 2020; 87 FR 70226, Nov. 18, 2022]

Subpart J—Submission of Manufacturer's Average Sales Price Data

SOURCE: 69 FR 17938, Apr. 6, 2004, unless otherwise noted.

§ 414.800 Purpose.

This subpart implements section 1847A of the Act by specifying the requirements for submission of a manufacturer's average sales price data for certain drugs and biologicals covered under Part B of Title XVIII of the Act that are paid under sections 1842(o)(1)(D), 1847A, and 1881(b)(13)(A)(ii) of the Act.

§ 414.802 Definitions.

As used in this subpart, unless the context indicates otherwise—

Bona fide service fees means fees paid by a manufacturer to an entity, that represent fair market value for a bona fide, itemized service actually performed on behalf of the manufacturer that the manufacturer would otherwise perform (or contract for) in the absence of the service arrangement, and that are not passed on in whole or in part to a client or customer of an entity, whether or not the entity takes title to the drug.

Drug means a drug or a biological, and for purposes of applying section 1847A(f) of the Act, includes an item, service, supply, or product that is payable under Medicare Part B as a drug or biological.

Manufacturer means any entity that is engaged in the following (This term

does not include a wholesale distributor of drugs or a retail pharmacy licensed under State law):

(1) Production, preparation, propagation, compounding, conversion or processing of prescription drug products, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.

(2) The packaging, repackaging, labeling, relabeling, or distribution of prescription drug products.

Unit means the product represented by the 11-digit National Drug Code, unless otherwise specified by CMS to account for situations where labeling indicates that the amount of drug product represented by a National Drug Code varies. The method of counting units excludes units of CAP drugs (as defined in § 414.902 of this part) sold to an approved CAP vendor (as defined in § 414.902 of this part) for use under the CAP (as defined in § 414.902 of this part).

[69 FR 17938, Apr. 6, 2004, as amended at 71 FR 48143, Aug. 18, 2006; 71 FR 69787, Dec. 1, 2006; 74 FR 62012, Nov. 25, 2009; 76 FR 73473, Nov. 28, 2011; 86 FR 65669, Nov. 19, 2021]

§ 414.804 Basis of payment.

(a) *Calculation of manufacturer's average sales price.* (1) The manufacturer's average sales price for a quarter for a drug represented by a particular 11-digit National Drug Code must be calculated as the manufacturer's sales to all purchasers in the United States for that particular 11-digit National Drug Code (after excluding sales as specified in paragraph (a)(4) of this section and then deducting price concessions as specified in paragraphs (a)(2) and (a)(3) of this section) divided by the total number of units sold by the manufacturer in that quarter (after excluding units associated with sales as specified in paragraph (a)(4) of this section).

(2) *Price concessions.* (i) In calculating the manufacturer's average sales price, a manufacturer must deduct price concessions. Price concessions include the following types of transactions and items:

- (A) Volume discounts.
- (B) Prompt pay discounts.
- (C) Cash discounts.

(D) Free goods that are contingent on any purchase requirement.

(E) Chargebacks and rebates (other than rebates under the Medicaid program).

(ii) For the purposes of paragraph (a)(2)(i), bona fide services fees are not considered price concessions.

(3) To the extent that data on price concessions, as described in paragraph (a)(2) of this section, are available on a lagged basis, the manufacturer must estimate this amount in accordance with the methodology described in this paragraph.

(i)(A) For each National Drug Code with at least 12 months of sales (including products for which the manufacturer has redesignated the National Drug Code for the specific product and package size and has 12 months of sales across the prior and current National Drug Codes), after adjusting for exempted sales, the manufacturer calculates a percentage equal to the sum of the price concessions for the most recent 12-month period available associated with sales subject to the average sales price reporting requirement divided by the total in dollars for the sales subject to the average sales price reporting requirement for the same 12-month period.

(B) For each National Drug Code with less than 12 months of sales, the calculation described in paragraph (i)(A) of this section is performed for the time period equaling the total number of months of sales.

(ii) The manufacturer multiplies the applicable percentage described in paragraph (a)(3)(i)(A) or (a)(3)(i)(B) of this section by the total in dollars for the sales subject to the average sales price reporting requirement (after adjusting for exempted sales) for the quarter being submitted. (The manufacturer must carry a sufficient number of decimal places in the calculation of the price concessions percentage in order to round accurately the net total sales amount for the quarter to the nearest whole dollar.) The result of this multiplication is then subtracted from the total in dollars for the sales subject to the average sales price reporting requirement (after adjusting for exempted sales) for the quarter being submitted.