



## CMS Releases Second Quarter 2008 ASP Payment Files

The Centers for Medicare & Medicaid Services (CMS) has released the Average Sales Price (ASP) Pricing Files to be used by Medicare Part B carriers and A/B MACs beginning April 1, 2008 to pay for Medicare Part B drugs furnished in a physician office setting.

ASP Pricing Files can be found on the CMS website at:

[http://www.cms.hhs.gov/McrPartBDrugAvgSalesPrice/01a\\_2008aspfiles.asp#TopOfPage](http://www.cms.hhs.gov/McrPartBDrugAvgSalesPrice/01a_2008aspfiles.asp#TopOfPage). Drugs covered by Medicare Part B are listed by HCPCS code, along with their corresponding allowable for the pricing period between April 1 and June 30, 2008.

**Overall Trends:** Based on the most recent ASP data received from manufacturers, CMS notes the following trends:

- Average drug prices continue to remain stable.
- Overall, average payment amounts across the top physician-administered drugs are unchanged. However, preliminary CMS data suggest that overall utilization of these drugs has increased compared with 2006 levels.
- Average payment amounts across all drugs decreased by less than 1 percent. Competitive market factors (e.g., multiple manufacturers, alternative therapies, new products, recent generic entrants, or market shifts to lower priced products) appear to be the driving force behind decreases in payment amounts for the affected drugs.

**Oncology Drugs:** CMS notes that "studies of Medicare payment rates for oncology drugs by the Government Accountability Office, the Department of Health and Human Services Office of Inspector General (OIG), and the Medicare Payment Advisory Commission have found that physicians are generally able to acquire these drugs at prices below the Medicare reimbursement rate. CMS will continue to work with the OIG to monitor market prices and to ensure ASP data is reported accurately."

**The Impact of Changes in the ASP Calculation:** Allowables for some drugs in the second quarter have also been affected by a change in the way CMS applies volume weighting to the ASP calculation. According to CMS:

"The Medicare, Medicaid and SCHIP Extension Act (MMSEA) of 2007 requires CMS to apply an alternative volume weighting computation to its calculation of ASP-based payment amounts. Prior to April 1, 2008, manufacturers' ASP data for smaller and

larger package sizes are treated the same in CMS's calculation of the payment amounts; i.e., the ASP for one vial is treated the same as the ASP for a box of 10 vials. Beginning for payment amounts used on or after April 1, 2008, ASPs for larger package sizes have greater impact on the payment amounts and ASPs for smaller package sizes have less; i.e., the ASP for a box of 10 vials is given 10 times the weight of a single vial. The payment amounts in the (second quarter 2008) reflect the new volume weighting computation."

**Other Drugs:** Pricing changes have been made to a number of products in specific categories, such as inhalation drugs and IVIG.

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