

TO: All Providers

FROM: CareFirst of Maryland, Inc., Medicare Part A Medical Review

DATE: May 15, 2003

SUBJECT: Single Drug Pricer (SDP) Reminder

Beginning January 1, 2003, CMS established the SDP to establish a uniform payment allowance as a reflection of the average wholesale price (AWP) for Medicare-covered drugs. Under SDP, CMS established prices centrally, resulting in greater consistency in drug pricing nationally.

SDP does not preclude the use of inherent reasonableness of the establishment of local medical review policies, including the use of a least costly alternative.

If a least costly alternative is determined and a price for the least costly alternative exists on the SDP, the SDP price for the least costly alternative must be used.

Medicare coverage determinations are independent of the SDP. The presence or absence of a price for a particular drug in the SDP is irrelevant to Medicare coverage determinations.

"Unit Measurement" means the amount of whatever measurement is used in the code description (e.g., milligrams (mg)).

Reference: Transmittal AB 03-047, CR 2659

THIS BULLETIN SHOULD BE SHARED WITH ALL HEALTH CARE PRACTITIONERS AND MANAGERIAL MEMBERS OF THE PROVIDER/SUPPLIER STAFF. ALL BUULETINS ISSUED AFTER OCTOBER 1, 1999 ARE AVAILABLE AT NO COST FROM OUR WEB SITE AT WWW.MARYLANDMEDICARE.COM.

Questions regarding this bulletin should be directed to the Provider Relations Department at 1-866-488-0545.