

<b>Part B Reimbursement for 2004</b>	
<i>Drug/Biologic Description</i>	<i>Payment Methodology</i>
General Rule for Part B Drugs, Including But Not Limited To: <ul style="list-style-type: none"> <li>• Inhalation drugs through DME</li> <li>• IVIG</li> </ul>	85% of AWP as of 4/1/2003
Carve-Outs <ul style="list-style-type: none"> <li>• Pneumococcal, flu and Hep B vaccine</li> <li>• Infusion drugs through implanted DME</li> <li>• Blood and blood products (not clotting factor)</li> <li>• Radiopharmaceuticals</li> <li>• Blood clotting factor</li> <li>• “New drugs” – no HCPCS but approved by FDA after 4/1/2003</li> <li>• Drugs and biologics furnished in connection with renal dialysis (but not EPO)</li> </ul>	<ul style="list-style-type: none"> <li>• 95% of AWP</li> <li>• 95% of AWP of 10/1/2003</li> <li>• Amount determined in same way as 10/1/2003</li> <li>• Same as 2003</li> <li>• 95% of AWP</li> <li>• 95% of AWP</li> <li>• 95% of AWP</li> </ul>

<b>Part B Reimbursement for 2005</b>	
<i>Drug/Biologic Description</i>	<i>Payment Methodology</i>
General Rule for Part B, Including But Not Limited To: <ul style="list-style-type: none"> <li>•Inhalation drugs through DME</li> <li>•IVIG</li> </ul>	<ul style="list-style-type: none"> <li>•Single source = 106% of the lesser of : WAC or ASP</li> <li>•Multi-source = 106% of the volume-weighted ASPs of all drugs represented by a multi-source code<sup>[1]</sup>                Or                CAP</li> </ul>
Carve-Outs <ul style="list-style-type: none"> <li>•Pneumococcal, flu and Hep B vaccine</li> <li>•Infusion drugs through implanted DME</li> <li>•Blood and blood products (not clotting factor)</li> <li>•Radiopharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <li>•95% of AWP</li> <li>•95% of AWP</li> <li>•Amount determined in same way as 10/1/2003</li> <li>•Same as 2003</li> </ul>

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[1] The Secretary *may* disregard calculated ASP if it exceeds the WAMP (widely available market price = price a prudent physician or supplier would pay for the drug considering discounts and other concessions routinely available to a prudent physician or supplier) or Medicaid AMP (average manufacturer price) by 5% in 2005, and thereafter by a percentage threshold amount determined by the Secretary.