

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 887</b>	<b>Date: April 28, 2011</b>
	<b>Change Request 7366</b>

*Transmittal 872 issued on April 8, 2011 is hereby rescinded and replaced with Transmittal 887 dated April 28, 2011, because transmittal 872 was incorrectly published stating a one percent increase in the budget neutrality adjustment. This reissuance corrects only that statement on the Transmittal document from a one percent increase to a zero increase and concurs with the policy of this One Time Notification.*

**SUBJECT: ESRD Transition Budget Neutrality Adjustment - Correction**

**I. SUMMARY OF CHANGES:** CMS issued an Interim Final Rule, which amends the ESRD transitional budget neutrality adjustment factor finalized in the CY 2011 ESRD Prospective Payment (ESRD PPS final rule published on August 12, 2010). This adjustment will result in more accurate payments in CY 2011. Specifically, section 1881(b)(14)(E)(iii) of the Social Security Act requires that an adjustment be made to payments for renal dialysis services provided by ESRD facilities during the transition so that estimated total amount of payments under the ESRD PPS, including payments under the transition, equals the estimated total amount of payments that would otherwise occur under the ESRD PPS without such a transition. CMS indicated that based on simulation of estimated payments, a 3.1 percent reduction would be applied to all payments made to Medicare certified ESRD facilities for renal-dialysis services provided on or after January 1, 2011 through December 31, 2011. We are amending this 3.1 percent reduction in the Interim Final Rule With Comment, to reflect the actual number of ESRD facilities that elected to receive 100 percent payment under the ESRD PPS. As a result, a zero percent transition budget -neutrality adjustment will be applied to payments made to ESRD facilities for renal dialysis services provided on or after April 1, 2011 through December 31, 2011.

**EFFECTIVE DATE: April 1, 2011**

**IMPLEMENTATION DATE: Implementation Date: May 9, 2011 for Shared System Changes; April 15, 2011 for Contractor Action.**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	Not Applicable

### **III. FUNDING:**

#### **For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

#### **For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

### **IV. ATTACHMENTS:**

#### **One-Time Notification**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment – One Time Notification

Pub. 100-20	Transmittal: 887	Date: April 28, 2011	Change Request: 7366
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*Transmittal 872 issued on April 8, 2011 is hereby rescinded and replaced with Transmittal 887 dated April 28, 2011, because transmittal 872 was incorrectly published stating a one percent increase in the budget neutrality adjustment. This reissuance corrects only that statement on the Transmittal document from a one percent increase to a zero increase and concurs with the policy of this One Time Notification.*

**SUBJECT: End Stage Renal Disease (ESRD) Transition Budget Neutrality Adjustment - Correction**

**Effective Date: April 1, 2011**

**Implementation Date: May 9, 2011 for Shared System Changes; April 15, 2011 for Contractor Action**

## I. GENERAL INFORMATION

**A. Background:** CMS issued an Interim Final Rule with comment (IFC), which amends the ESRD transitional budget neutrality adjustment factor finalized in the CY 2011 ESRD Prospective Payment System (ESRD PPS final rule published on August 12, 2010). This adjustment will result in more accurate payments in CY 2011. Specifically, section 1881(b)(14)(E)(iii) of the Social Security Act requires that an adjustment be made to payments for renal dialysis services provided by ESRD facilities during the transition so that estimated total amount of payments under the ESRD PPS, including payments under the transition, equals the estimated total amount of payments that would otherwise occur under the ESRD PPS without such a transition.

CMS indicated that based on simulation of estimated payments, a 3.1 percent reduction would be applied to all payments made to Medicare certified ESRD facilities for renal-dialysis services provided on or after January 1, 2011 through December 31, 2011. We are amending this 3.1 percent reduction in the IFC to reflect the actual number of ESRD facilities that elected to receive 100 percent payment under the ESRD PPS. As a result, a zero percent transition budget -neutrality adjustment will be applied to payments made to ESRD facilities for renal dialysis services provided on or after April 1, 2011 through December 31, 2011.

**B. Policy:** Contractors shall amend the transition budget neutrality adjustment by replacing the 3.1 percent payment reduction to a zero percent for renal dialysis services provided on or after April 1, 2011.

Amending the transition budget neutrality adjustment by replacing the 3.1 percent payment reduction to a zero percent for ESRD services provided on or after April 1, 2011 will be effective April 1, 2011, and will be published in the Federal Register.

Contractors shall hold the ESRD claims with dates of service in April 2011 until the implementation of this instruction. Since ESRD claims are submitted monthly, April claims submitted in the first week of May will be held until May 9, 2011. This hold should not impact timely payments to providers.

## II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)
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		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7366.1	Medicare contractors shall eliminate the budget neutrality adjustment (changing the .969 calculation to 1.00 for the final ESRD payment) for 72x claims with dates of service on or after April 1, 2011.						X				
7366.2	Medicare contractors shall hold 72x claims with dates of service on or after 4/1/2011 beginning in April and release the claims immediately upon the FISS implementation of this instruction.	X		X							
7366.2.1	Medicare contractors shall append the condition code 15 when releasing the April claims.	X		X							

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHE R
		M A C	M A C				F I S S	M C S	V M S	C W F	
7366.3	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X							

### IV. SUPPORTING INFORMATION

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below:**

*Use "Should" to denote a recommendation.*

<b>X-Ref Requirement Number</b>	<b>Recommendations or other supporting information:</b>
7366.2	Contractor shall implement the hook to hold April claims by April 15, 2011. No action is required between the effective date of April 1, 2011 and the April 15, 2011 implementation date due to the claims being submitted monthly. CMS does not anticipate any claims during this period requiring adjustment.

**Section B: For all other recommendations and supporting information, use this space: N/A**

## V. CONTACTS

**Pre-Implementation Contact(s):** For ESRD Policy, Lisa Hubbard (410) 786-5472/[lisa.hubbard@cms.hhs.gov](mailto:lisa.hubbard@cms.hhs.gov) or Terri Deutsch (410)786-9462/[terri.deutsch@cms.hhs.gov](mailto:terri.deutsch@cms.hhs.gov) ; for Claims Processing, Wendy Tucker (410) 786-3004/ [wendy.tucker@cms.hhs.gov](mailto:wendy.tucker@cms.hhs.gov).

**Post-Implementation Contact(s):** Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

## VI. FUNDING

**Section A: For *Fiscal Intermediaries (FIs) and Carriers*:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**Section B: For *Medicare Administrative Contractors (MACs)*:**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.