



Implementation of Changes in the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS) and Payment for Dialysis Furnished for Acute Kidney Injury (AKI) in ESRD Facilities for Calendar Year (CY) 2022

MLN Matters Number: MM 12499

Related Change Request (CR) Number: 12499

Related CR Release Date: November 15, 2021

Effective Date: January 1, 2022

Related CR Transmittal Number: R11120BP

Implementation Date: January 3, 2022

Provider Types Affected

This MLN Matters Article is for physicians, other providers, and suppliers submitting claims to Medicare Administrative Contractors (MACs) for ESRD services to Medicare patients.

Provider Action Needed

In this Article, you'll learn about:

- Updates for Calendar Year (CY) 2022 to the ESRD PPS base rate, budget neutrality factor, and outlier threshold
- Updates to the AKI dialysis payment rate
- Updates for the Capital Related Assets (CRA) for Transitional Add-on Payment Adjustment for New and Innovative Equipment and Supplies (TPNIES)

Make sure your billing staff knows about these changes.

Background

Calendar Year (CY) 2022 for the ESRD PPS, AKI Dialysis Payment, and TPNIES

[Section 1881\(b\)\(14\)\(F\) of the Social Security Act](#) (the Act) requires an annual increase to the ESRD PPS base rate by an ESRD market basket increase factor reduced by the productivity adjustment described in [Section 1886\(b\)\(3\)\(B\)\(xi\)\(II\) of the Act](#). That's to say the ESRD Bundled (ESRDB) market basket increase factor minus the productivity adjustment will update the ESRD PPS base rate.

ESRD PPS Base Rate:

- A wage index budget-neutrality adjustment factor of 0.99985

- A productivity-adjusted market basket increase of 1.9%
- The CY 2022 ESRD PPS base rate is \$ 257.90 ($(\$253.13 \times 0.99985) \times 1.019 = \257.90).

Labor-related share:

- The labor-related share is 52.3%

Wage index:

- The CY 2022 ESRD PPS wage index reflects the latest available hospital wage data
- The 2-year transition to the OMB allocations continues for CY 2022
- We won't apply a cap to the reduction in the wage index for ESRD facilities for the second year of the 2-year transition, which is CY 2022
- The wage index floor is 0.5000

Outlier Policy:

- We made the following updates to the adjusted average outlier service Medicare Allowable Payment (MAP) amount per treatment:
 - \$42.75 for adult patients
 - \$27.15 for pediatric patients
- We made updates to the fixed dollar loss (FDL) amount that is added to the predicted MAP to determine the outlier threshold. The fixed dollar loss amount is:
 - \$75.39 for adult patients
 - \$26.02 for pediatric patients
- We made the following changes to the list of outlier services:
 - We updated prices for renal dialysis drugs that are oral equivalents to injectable drugs that are based on the most recent prices obtained from the Medicare Prescription Drug Plan Finder. The updates reflect the most recent mean unit cost. We'll add or remove any renal dialysis items and services as necessary. See [Attachment A of CR 12499](#) for a list of these drugs.
 - The mean dispensing fee of the National Drug Codes (NDCs) qualifying for outlier consideration is revised to \$0.58 per NDC per month for claims with dates of service on or after January 1, 2022.
- For CY 2022, we're not adding or removing any codes from the consolidated billing list. We are adding a clarifying footnote to HCPCS code J0604 to explain that ESRD facilities should bill using the NDC and not the J code for outlier consideration. See [Attachment B of CR 12499](#).

AKI Dialysis Payment Rate Updates:

- The payment rate for CY 2022 is \$257.90, which is the same as the base rate under the

ESRD PPS for CY 2022

- The payment rate is adjusted for wages using the same wage index used under the ESRD PPS
- The labor-related share is 52.3%
- The payment rate isn't reduced for the ESRD Quality Incentive Program (QIP)
- The TDAPA and TPNIES don't apply to AKI claims

TDAPA:

- There are no eligible TDAPA drugs

TPNIES:

- There are no eligible TPNIES supply or equipment technologies for CY 2022

CRA for TPNIES:

There's 1 eligible CRA for TPNIES that is a home hemodialysis machine -- the Tablo® System.

- ESRD facilities will get the CRA for TPNIES for the Tablo® System beginning January 1, 2022, through December 31, 2023
- The CRA for TPNIES for the Tablo® System will be calculated as we describe in [CR 12347](#)
- The CY 2022 average per treatment CRA for TPNIES offset amount is \$9.50
- Use HCPCS E1629 Tablo hemodialysis system for the billable dialysis service

When reporting HCPCS code E1629 for purposes of payment under the CRA for TPNIES, ESRD facilities must report hemodialysis machine with revenue code 0823 and add the modifier AX to the HCPCS. Also, report the following information in the remarks field of the claim when billing for an eligible CRA for TPNIES:

- HCPCS
- Description of item
- Billed amount to Medicare
- Invoice amount
- Wholesale amount per item
- Discount/rebate amount per item (even if bulk discount)
- CRA for TPNIES for hemodialysis equipment must be billed with revenue code 0823 and modifier AX appended to the HCPCS

MACs may consider this information for pricing and may request more information from the ESRD facility.

Your MAC will manually price HCPCS E1629 with modifier AX when billed with revenue code 0823.

More Information

We issued [CR 12499](#) to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
November 15, 2021	Initial article released.

Disclaimer: Paid for by the Department of Health & Human Services. This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2020 American Medical Association. All rights reserved.

Copyright © 2013-2021, the American Hospital Association, Chicago, Illinois. Reproduced by CMS with permission. No portion of the AHA copyrighted materials contained within this publication may be copied without the express written consent of the AHA. AHA copyrighted materials including the UB-04 codes and descriptions may not be removed, copied, or utilized within any software, product, service, solution or derivative work without the written consent of the AHA. If an entity wishes to utilize any AHA materials, please contact the AHA at 312-893-6816. Making copies or utilizing the content of the UB-04 Manual, including the codes and/or descriptions, for internal purposes, resale and/or to be used in any product or publication; creating any modified or derivative work of the UB-04 Manual and/or codes and descriptions; and/or making any commercial use of UB-04 Manual or any portion thereof, including the codes and/or descriptions, is only authorized with an express license from the American Hospital Association. To license the electronic data file of UB-04 Data Specifications, contact Tim Carlson at (312) 893-6816. You may also contact us at ub04@healthforum.com

The American Hospital Association (the "AHA") has not reviewed, and is not responsible for, the completeness or accuracy of any information contained in this material, nor was the AHA or any of its affiliates, involved in the preparation of this material, or the analysis of information provided in the material. The views and/or positions presented in the material do not necessarily represent the views of the AHA. CMS and its products and services are not endorsed by the AHA or any of its affiliates.