



Related MLN Matters Article #: MM3720

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Related CR: 3720

MMA - Full Replacement of CR 3572, New Case-Mix Adjusted End Stage Renal Disease (ESRD) Composite Payment Rates and New Composite Rate Exceptions Window for Pediatric ESRD Facilities- CR 3572 is rescinded

Key Words

CR3572, MM3572, R477CP, ESRD, MMA, Case-Mix, Composite, Pediatric, BMI, BSA, Pricer

Provider Types Affected

Medicare Fiscal Intermediaries (FIs) for ESRD services

Key Points

- The effective date of instruction is April 1, 2005.
- The implementation date is April 4, 2005.
- The Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) required the Secretary to establish a basic case-mix adjusted prospective payment system (PPS) for dialysis services furnished to individuals in a facility and to individuals at home.
- The use of case-mix measure permits the targeting of greater payments to facilities that treat more costly and resource-intensive patients.
- An ESRD facility's average composite payment rate per treatment will depend on its unique patient's case-mix.
- The patient characteristic variables that are used in determining an individual patient's case-mix adjusted composite payment rate include the following:
 - Five age groups,
 - Low Body Mass Index (BMI),
 - Body surface area (BSA), and
 - Patients under age 18.

- Pediatric ESRD patients (patients under the age of 18) receive a specific case-mix adjustment factor and, therefore, none of the case-mix adjusters (i.e., the five age groups, low BMI and BSA) is applicable to pediatric ESRD patients.
- The ESRD Pricer program uses each patient's height and weight to automatically calculate the low BMI and BSA case-mix adjustments to an ESRD facility's composite payment rate each month.
- Each dialysis facility has the option of being paid at:
 - Its current exception rate, or
 - The basic case-mix adjusted composite rate (including all of the MMA 623 payment adjustments).
- If the facility retains its exception rate, it is not subject to any of the adjustments specified in Section 623 of the MMA.
- Each ESRD facility is required to notify its FI in writing at any time if it wishes to:
 - Give up or withdraw its exception rate, and
 - Be subject to the basic case-mix adjusted composite payment rate methodology.
- The case-mix adjusted composite payment rates will begin 30 days after the FI's receipt of the facility's notification letter.
- ESRD facilities that elect to retain their exceptions do not need to notify their FIs.
- If a pediatric ESRD facility projects that it will have an allowable cost per treatment higher than its prospective rate, the facility may request that the Centers for Medicare & Medicaid Services (CMS)
 - Approve an exception to that rate, and
 - Set a higher prospective payment rate.
- CMS will adjudicate these exception requests in accordance with the exception criteria contained in:
 - The Code of Federal Regulations (CFR), Title 42, Chapter IV, Part 413, Section 180 and
 - Publication 15, Medicare Provider Reimbursement Manual (PRM), Part I, Chapter 27 (http://www.cms.hhs.gov/manuals/downloads/P151_27.zip).

Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3720.pdf> on the CMS website.

The official instruction (CR3720) regarding this change may be viewed at

<http://www.cms.gov/Transmittals/downloads/R477CP.pdf> on the CMS website.

Providers may view 42 CFR 413.180, which can be found at

http://www.access.gpo.gov/nara/cfr/waisidx_04/42cfr413_04.html on the Internet.