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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) 2019

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Related Change Request (CR) Number: 11021
Related CR Release Date: December 13, 2018
Effective Date: January 1, 2019
Related CR Transmittal Number: R254BP
Implementation Date: January 7, 2019

Note: This article was revised on December 14, 2018, to reflect a revised CR11021 issued on December 13, 2018. The CR was revised to correct typos. In the article, the CR release date, transmittal number, and the Web address of the CR are revised. Also, the legislative reference in the second paragraph of the Background section is changed to section 808(b) of the Trade Preferences Extension Act of 2015 (TPEA). All other information remains the same.

PROVIDER TYPE AFFECTED

This MLN Matters® Article is intended for End Stage Renal Disease (ESRD) facilities that submit claims to Medicare Administrative Contractors (MACs) for renal dialysis services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

CR11021 implements the Calendar Year (CY) 2019 rate updates for the ESRD Prospective Payment System (PPS) and updates the payment for renal dialysis services furnished to beneficiaries with Acute Kidney Injury (AKI) in ESRD facilities. The CR also includes some changes to Chapter 11, Section 60 of the Medicare Benefit Policy Manual, with the revised manual section attached to CR11021. Please make sure that your billing staffs are aware of these changes.

BACKGROUND

Effective January 1, 2011, the Centers for Medicare & Medicaid Services (CMS) implemented the ESRD PPS based on the requirements of Section 1881(b)(14) of the Social Security Act (the Act) as added by Section 153(b) of the Medicare Improvements for Patients and Providers Act (MIPPA). Section 1881(b)(14)(F) of the Act, as added by Section 153(b) of MIPPA and amended by Section 3401(h) of the Affordable Care Act established that beginning CY 2012,

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and each subsequent year, the Secretary shall annually increase payment amounts by an ESRD market basket increase factor, reduced by the productivity adjustment described in Section 1886(b)(3)(B)(xi)(II) of the Act. The ESRD bundled (ESRDB) market basket increase factor minus the productivity adjustment will update the ESRD PPS base rate.

As required by section 808(b) of the Trade Preferences Extension Act of 2015 (TPEA), CMS pays ESRD facilities for furnishing renal dialysis services to Medicare beneficiaries with Acute Kidney Injury (AKI). CR9598 (https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM9598.pdf) implemented the payment for renal dialysis services and provides detailed information regarding AKI payment policies.

The ESRD PPS includes consolidated billing requirements for limited Part B services included in the ESRD facility's bundled payment. CMS periodically updates the lists of items and services that are subject to Part B consolidated billing and are therefore no longer separately payable when provided to ESRD beneficiaries by providers other than ESRD facilities.

CY 2019 ESRD PPS Updates are as follows:

ESRD PPS base rate:

1. A 1.3-percent update to the CY 2019 payment rate. ($232.37 x 1.013 = $235.39).
2. A wage index budget-neutrality adjustment factor of 0.999506. ($235.39 × 0.999506 = $235.27)

Wage index:

1. The wage index adjustment will be updated to reflect the latest available wage data.
2. The wage index floor will increase to 0.50.

Labor-related share:

The labor-related share should be updated to 52.3 percent.

Outlier Policy:

CMS made the following updates to the adjusted average outlier service Medicare Allowable Payment (MAP) amount per treatment:

1. For adult patients, the adjusted average outlier service MAP amount per treatment is $38.51.
2. For pediatric patients, the adjusted average outlier service MAP amount per treatment is $35.18.

CMS made the following updates to the Fixed Dollar Loss (FDL) amount that is added to the predicted MAP to determine the outlier threshold:

1. The fixed dollar loss amount is $65.11 for adult patients.

2. The fixed dollar loss amount is $57.14 for pediatric patients.

CMS made the following changes to the list of outlier services:

1. Renal dialysis drugs that are oral equivalents to injectable drugs are based on the most recent prices retrieved from the Medicare Prescription Drug Plan Finder, are updated to reflect the most recent mean unit cost. In addition, CMS will add or remove any renal dialysis items and services that are eligible for outlier payment. See Attachment A of CR11021 for a list of these drugs.
2. The mean dispensing fee of the National Drug Codes (NDCs) qualifying for outlier consideration is revised to $0.75 per NDC per month for claims with dates of service on or after January 1, 2019.

Consolidated Billing Requirements:

For CY 2019, there are no changes to the ESRD PPS consolidated billing requirements. The current version of the consolidated billing requirements are available at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ESRDpayment/Consolidated_Billing.html.

New non-ESRD Healthcare Common Procedure Coding System (HCPCS) code

There is a new HCPCS Q5106 for Injection, epoetin alfa, biosimilar, (Retacrit) (for non-esrd use), 1000 units. This code will not be permitted on the Type of Bill 072x for an ESRD PPS claim. It is permitted for AKI claims as discussed in CR10839. (See the related MLN Matters article at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM10839.pdf.

CY 2019 AKI Dialysis Payment Rate for Renal Dialysis Services:

1. Beginning January 1, 2019, CMS will pay ESRD facilities $235.27 per treatment.
2. The labor-related share is 52.3 percent.
3. The AKI dialysis payment rate will be adjusted for wages using the same wage index that is used under the ESRD PPS.
4. The AKI dialysis payment rate is not reduced for the ESRD Quality Incentive Program (QIP).
5. The Transitional Drug Add-on Adjustment (TDAPA) does not apply to AKI claims.

The key changes made to the Medicare Benefit Policy Manual, Chapter 11, Section 60 are as follows:

- To qualify for the comorbidity adjustment there must be adherence to diagnosis coding requirements. Diagnosis codes are updated annually and are posted at http://www.cms.gov/Medicare/Coding/ICD10/index.html and are effective each October 1st.
- Beginning January 1, 2019, if there is a Change of Ownership (CHOW) that results in a change in provider number due to a facility-type change (for example, hospital-based

dialysis facility to independent dialysis facility) and the new owner accepts the Medicare agreement, the ESRD facility can qualify for the Low Volume Payment Adjustment (LVPA) if they otherwise meet the LVPA eligibility criteria. This policy does not extend to CHOWs where a new PTAN is issued for any other reason.

- Effective January 1, 2019, ESRD facilities that change their fiscal year end for cost reporting purposes, outside of a CHOW, qualify for the LVPA if they otherwise meet the LVPA eligibility criteria. When this occurs, the MACs will combine the two nonstandard cost reporting periods of less than 12 months to equal a full 12- consecutive month period or combine the two non-standard cost reporting periods, that in combination may exceed 12-consecutive months, and prorate the data to equal a full 12-consecutive month period. This does not impact or change requirements for reporting, as established by the MACs, or those set forth in regulations at Section 413.24(f)(3).
- November 1st of each year is the mandatory deadline for the submission of attestations for ESRD facilities that believe they are eligible to receive the low-volume payment adjustment. Beginning January 1, 2019, ESRD facilities may request an extraordinary circumstance exception to the November 1 deadline. In order to request an extraordinary circumstance exception, the facility is required to submit a narrative explaining the rationale for the exception to their MAC. The MAC will evaluate the narrative to determine if an exception is justified. The determination will be final, with no appeal.

ADDITIONAL INFORMATION

The official instruction, CR11021, issued to your MAC regarding this change is available at https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2018Downloads/R254BP.pdf.

If you have questions, your MACs may have more information. Find their website at http://go.cms.gov/MAC-website-list.

DOCUMENT HISTORY

Date of Change	Description
December 14, 2018	The article was revised to reflect a revised CR11021 issued on December 13, 2018. The CR was revised to correct typos. In the article, the CR release date, transmittal number, and the Web address of the CR are revised. Also, the legislative reference in the second paragraph of the Background section is changed to section 808(b) of the Trade Preferences Extension Act of 2015 (TPEA). All other information remains the same.
November 15, 2018	Initial article released.

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