

MLN Matters Number: MM4188 Revised

Related Change Request (CR) #: 4188

Related CR Release Date: December 16, 2005

Effective Date: January 1, 2006

Related CR Transmittal #: R781CP

Implementation Date: January 17, 2006

## **MMA - Revised Manual Instructions for Processing End Stage Renal Disease (ESRD) Exceptions Under the Composite Rate Reimbursement System**

**Note:** This article was updated on February 25, 2013, to reflect current Web addresses. This article was previously revised to add a reference to MLN Matters article MM7064 which advises providers of outpatient dialysis treatment where to get information on the new ESRD PPS and consolidated billing for limited Part B services. MM7064 may be found at <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM7064.pdf> on the CMS website. All other information remains unchanged.

### **Provider Types Affected**

Providers billing fiscal intermediaries (FIs) for pediatric End Stage Renal Disease (ESRD) services

### **Provider Action Needed**



#### **STOP – Impact to You**

This article is based on Change Request (CR) 4188 which implements changes in Medicare's processes for handling requests by ESRD pediatric facilities for an exception from the composite payment rate.

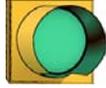


#### **CAUTION – What You Need to Know**

Only those pediatric facilities that did not have an approved exception rate as of October 1, 2002, can now apply for an exception to its updated composite rate. Other changes to the exception process are also covered in this article.

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### GO – What You Need to Do

See the *Background* section of this article for further details regarding these changes.

## Background

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The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA, Section 623) amended the Benefits Improvement and Protection Act (BIPA 2000) to allow only pediatric ESRD facilities that did not have an approved exception rate as of October 1, 2002, to file for an exception to its updated prospective payment (or composite) rate.

The pediatric facility would have to demonstrate that at least 50 percent of its patients are individuals less than 18 years of age. This statutory amendment to BIPA 2000 lifted the previous prohibition on exceptions and restored the exception process for pediatric facilities.

The Centers for Medicare & Medicaid Services (CMS) believes that pediatric facilities would not qualify for an exception under most of the five *previously* existing exception criteria because of the uniqueness of their pediatric patient population (at least 50 percent).

In the past, ESRD facilities with high percentages of pediatric patients only qualified for exceptions under the “atypical patient mix” criterion. Therefore, CMS is revising the exception criteria by:

- Eliminating the following three (of the five) exception criteria:
  - Isolated essential facilities;
  - Extraordinary circumstances; and
  - Frequency of dialysis.
- Retaining and revising the exception criterion for “pediatric patient mix;” (*formerly atypical patient mix*); and
- Retaining and renaming the exception criterion for “self-dialysis training costs” to “*self-dialysis training costs in pediatric facilities.*”

In accordance with changes made by BIPA 2000 (Section 422) and the MMA (Section 623), CMS has revised instructions in the *Medicare Claims Processing Manual*. The major changes include the following:

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- Only a pediatric ESRD facility that did not have an approved exception rate as of October 1, 2002 can now file for an exception to its updated composite payment rate;
- A pediatric ESRD facility is defined as a renal facility with at least 50 percent of its patients under the age of 18;
- Pediatric ESRD facilities can file for an exception to its composite payment rate at any time it is in operation for 12 consecutive months; and
- A pediatric ESRD facility that has been denied an exception rate may immediately file another exception request.

**Note:** The regulations pertaining to the servicing intermediary's responsibilities for reviewing ESRD exception requests have not changed.

## Additional Information

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The revised portions of the *Medicare Claims Processing Manual* are attached to CR4188, which is the official instruction issued to your intermediary regarding this change. That instruction may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R781CP.pdf> on the CMS website.

If you have any questions, please contact your intermediary at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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