

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



News Flash – REVISED product from the Medicare Learning Network® (MLN)

- ["Hospital Reclassifications,"](#) Fact Sheet, ICN 907243, Downloadable only.

MLN Matters® Number: MM8120

Related Change Request (CR) #: CR 8120

Related CR Release Date: November 2, 2012

Effective Date: January 1, 2013

Related CR Transmittal #: R162BP

Implementation Date: January 7, 2013

Implementation of Changes in the End-Stage Renal Disease Prospective Payment System (ESRD PPS) for Calendar Year (CY) 2013

Provider Types Affected

This MLN Matters® Article is intended for End-Stage Renal Disease (ESRD) facilities submitting claims to Medicare contractors (Fiscal Intermediaries (FIs) and A/B Medicare Administrative Contractors (MACs)) for ESRD services provided to Medicare beneficiaries.

Provider Action Needed

This article, based on Change Request (CR) 8120, implements the third year of the ESRD PPS 4-year transition period, updates the basic case-mix adjusted composite rate payment system for the composite rate portion of the blended payment amount, and updates the ESRD PPS for Calendar Year (CY) 2013. Make sure that your billing staffs are aware of these changes for 2013.

Background

In accordance with Section 153(b) of the Medicare Improvements for Patients and Providers Act (MIPPA), the Centers for Medicare & Medicaid Services (CMS) implemented the ESRD bundled Prospective Payment System (PPS), effective January 1, 2011.

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For CY 2013, in addition to updating the ESRD PPS payment amount, CMS must continue to update the basic case-mix adjusted composite payment system for purposes of determining the composite rate portion of the blended payment amount. CY 2013 implements the third year of the transition where ESRD facilities will be paid a blended amount based upon 25 percent of the basic case-mix adjusted composite payment amount and 75 percent of the ESRD PPS payment amount. ESRD facilities that elected to be reimbursed 100 percent under the ESRD PPS will continue to be reimbursed 100 percent of the CY 2013 ESRD PPS payment amount.

Section 153(b) of the MIPPA was amended by Section 3401(h) of the Affordable Care Act, which stated that, for 2012 and each subsequent year, the Secretary of Health and Human Services must reduce the ESRD Bundled (ESRDB) market basket increase factor by a productivity adjustment described in Section 1886(b)(3)(B)(xi)(II) of the Social Security Act (the Act).

The ESRDB market basket increase factor minus the productivity adjustment will update the composite base rate applicable to the composite rate portion of the blended payment and the ESRD PPS base rate applicable to both the ESRD PPS portion of the blended payment under the transition and payments under the full PPS.

CMS has identified an error in the previous ESRD PPS PRICER that was assigning the peritoneal dialysis adjustors for ultrafiltration billed for pediatric claims. The appropriate adjustor for ultrafiltration is the hemodialysis adjustor. The 2013 ESRD PPS PRICER corrects this error. In the event that any ESRD facilities received incorrect payments for pediatric ultrafiltration services, they may ask their contractor to adjust those claims after the implementation date of this instruction. Providers must request this adjustment within 6 months on the implementation date.

Calendar Year (CY) 2013 Rate Updates

For CY 2013, CMS will make the following **updates to the basic case-mix adjusted composite payment system for the composite rate portion of the blended payment amount** for the third year of the ESRD PPS transition:

1. The composite rate will be updated by the ESRDB market basket minus a productivity adjustment which results in an increase of 2.3 percent ($\$141.94 \times 1.023 = \145.20). **Therefore, the unadjusted composite rate for CY 2013 is \$145.20.**
2. The drug add-on percentage will be reduced from 14.3 to 14.0 as a result of the increase to the composite rate for CY 2013.
3. The wage index adjustment will be updated to reflect the latest available wage data. The wage index is available at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ESRDpayment/index.html> on the CMS website.

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4. The wage index floor will be reduced from 0.550 to 0.500. **With the application of a budget neutrality adjustment of 1.001141, this results in a wage index floor of 0.501.**

For CY 2013, CMS will make the following **updates to the ESRD PPS base rate and wage index:**

1. The ESRD PPS base rate will be updated by the ESRDB market basket minus a productivity adjustment which results in an increase of 2.3 percent ($\$234.81 \times 1.023 = \240.21). Therefore, the unadjusted ESRD PPS base rate for CY 2013 is \$240.21.
2. The wage index adjustment will be updated to reflect the latest available wage data.
3. **The wage index floor will be reduced from 0.550 to 0.500.** There will be no application of a budget neutrality adjustment to the wage index floor for full ESRD PPS payments, nor the ESRD PPS portion of the blended payment under the transition.
4. The wage index budget neutrality adjustment factor will be applied to the ESRD PPS base rate subsequent to the application of the ESRDB market basket minus productivity adjustment ($\$240.21 \times 1.000613 = \240.36). **Therefore, the ESRD PPS base rate for CY 2013 is \$240.36.**

Transition Budget Neutrality Adjustment

For CY 2013, for the transition budget-neutrality adjustment, CMS will apply a 0.1 percent increase, that is, a 1.001 adjustment factor to both the blended payments made under the transition and payments made under the 100 percent ESRD PPS for renal dialysis services furnished January 1, 2013, through December 31, 2013.

Outlier Policy Changes

For CY 2013, CMS will make the following **updates to the average outlier service Medicare Allowable Payment (MAP) amount per treatment:**

1. For adult patients, the adjusted average outlier service MAP amount per treatments is \$59.42.
2. For pediatric patients, average outlier service MAP amount per treatment is \$41.39.

For CY 2013, CMS will make the following **updates to the fixed dollar loss amount that is added to the predicted MAP to determine the outlier threshold:**

1. The fixed dollar loss amount is \$110.22 for adult patients.
2. The fixed dollar loss amount is \$47.32 for pediatric patients.

For CY 2013, CMS will make the following **changes to the list of outlier services:**

1. The ESRD-related Part D drugs, which are based on the most recent prices retrieved from the Medicare Prescription Drug Plan Finder, will be updated to reflect the most recent mean unit cost.

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The list of ESRD-related Part D drugs will also be updated to reflect the most recent list of ESRD-related Part D drugs that are eligible for outlier payment.

2. The mean dispensing fee of the National Drug Codes (NDC) qualifying for outlier consideration is revised to \$1.48 per NDC per month for claims with dates of service on or after January 1, 2013.

The list of outlier services can be found at http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ESRDpayment/Outlier_Services.html on the CMS website

Additional Information

The official instruction, CR8120, issued to your FI and A/B MAC regarding this change, may be viewed at <http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R162BP.pdf> on the CMS website.

If you have any questions, please contact your FI or A/B MAC 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.

News Flash - Diabetes and the Seasonal Flu - November is National Diabetes Awareness Month. Diabetes can weaken the immune system, which can put seniors and others with diabetes at greater risk for flu-related complications like pneumonia. Medicare provides coverage for one seasonal influenza virus vaccine per influenza season for all Medicare beneficiaries. Medicare generally provides coverage of pneumococcal vaccination and its administration once in a lifetime for all Medicare beneficiaries. Medicare may provide coverage of additional pneumococcal vaccinations based on risk or uncertainty of beneficiary pneumococcal vaccination status. Medicare provides coverage for the seasonal flu and pneumococcal vaccines and their administration for seniors and others with Medicare with no co-pay or deductible. And remember, seasonal flu vaccine is particularly important for health care workers, who may spread the flu to their patients. Don't forget to immunize yourself and your staff. Protect your patients. Protect your family. Protect yourself. *Know what to do about the flu.*

Remember – The influenza vaccine plus its administration and the pneumococcal vaccine plus its administration are covered Part B benefits. The influenza vaccine and pneumococcal vaccine are NOT Part D-covered drugs. CMS has posted the 2012-2013 [Seasonal Influenza Vaccines Pricing](#). You may also refer to the [MLN Matters® Article #MM8047](#), "Influenza Vaccine Payment Allowances - Annual Update for 2012-2013 Season."

For more information on coverage and billing of the flu vaccine and its administration, please visit the [CMS Medicare Learning Network® Preventive Services Educational Products](#) and [CMS Immunizations](#) web pages. And, while some providers may offer the flu vaccine, others can help their patients locate a vaccine provider within their local community. [HealthMap Vaccine Finder](#) is a free, online service where users can search for locations offering flu vaccines.

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