

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



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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) 2017**

Note: This article was revised on December 6, 2016, to add a link to MLN Matters Article [MM9814](#) that details payment information for AKI services. All other information is unchanged.

**Provider Types Affected**

This MLN Matters® Article is intended for ESRD facilities submitting claims to Medicare Administrative Contractors (MACs) for ESRD services provided to Medicare beneficiaries.

**Provider Action Needed**

This article is based on Change Request (CR) 9807 which implements the CY 2017 rate updates for the ESRD PPS and implements the payment for renal dialysis services furnished to beneficiaries with Acute Kidney Injury (AKI) in ESRD facilities for CY 2017. Make sure that your billing staffs are aware of these changes.

**Background**

The Centers for Medicare & Medicaid Services (CMS) implemented the ESRD PPS (effective January 1, 2011) based on the requirements of the Social Security Act (Section 1881(b)(14)) as amended by the [Medicare Improvements for Patients and Providers Act](#) (MIPPA; Section 153(b)).

The Social Security Act (Section 1881(b)(14)(F)), **as added by MIPPA (Section 153(b)) and amended by [the Patient Protection and Affordable Care Act](#) (Section 3401(h)), established that beginning CY 2012 (and each subsequent year), CMS will annually increase payment amounts**

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by an ESRD market basket increase factor, **reduced by the productivity adjustment described in the [Social Security Act \(Section 1886\(b\)\(3\)\(B\)\(xi\)\(II\)\)](#)**.

The ESRD bundled (ESRDB) market basket increase factor **minus the productivity adjustment** will update the ESRD PPS base rate. [The Protecting Access to Medicare Act of 2014](#) (PAMA; Section 217(b)(2)) included a provision that dictated how the market basket should be reduced for CY 2017.

Beginning CY 2017, in accordance with the [Trade Preferences Extension Act of 2015](#) (TPEA; Section 808(b)), CMS will pay ESRD facilities for furnishing renal dialysis services to Medicare beneficiaries with AKI.

[CR 9598](#) implemented the payment for renal dialysis services and provides detailed information regarding payment policies.

The ESRD PPS includes Consolidated Billing (CB) 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 2017 ESRD PPS Updates**

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### **ESRD PPS base rate:**

1. A 0.55 percent update to the CY 2016 payment rate. ( $\$230.39 \times 1.0055 = \$231.66$ ).
2. A wage index budget-neutrality adjustment factor of 0.999781. ( $\$231.66 \times 0.999781 = \$231.61$ )
3. A home dialysis training budget-neutrality adjustment factor of 0.999737. Therefore, the CY2017 ESRD PPS base rate is  $\$231.55$  ( $\$230.39 \times 1.0055 \times 0.999781 \times 0.999737 = \$231.55$ ).

### **Wage index:**

1. The wage index adjustment will be updated to reflect the latest available wage data.
2. The wage index floor will remain at 0.4000.

### **Labor-related share:**

- The labor-related share will remain at 50.673.

### **Home Dialysis Training Add-On Payment:**

- The home dialysis training add-on payment will increase from \$50.16 to \$95.60.

### **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 \$45.00.
2. For pediatric patients, the adjusted average outlier service MAP amount per treatment is \$38.29.

CMS made 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 \$82.92 for adult patients.

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2. The fixed dollar loss amount is \$68.49 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 in CR 9807.)
2. The mean dispensing fee of the National Drug Codes (NDCs) qualifying for outlier consideration is revised to \$0.88 per NDC per month for claims with dates of service on or after January 1, 2017. (See Attachment A in CR 9807.)

### Consolidated Billing Requirements:

The consolidated billing requirements for drugs and biologicals included in the ESRD PPS is updated by:

1. Adding the following Healthcare Common Procedure Coding System (HCPCS) codes to the bone and mineral metabolism category:
  - J0620 - Injection, calcium glycerophosphate and calcium lactate, per 10 ml, and
  - J3489 - Injection, zoledronic acid, 1 mg.
2. J0620 and J3489 are drugs that are used for bone and mineral metabolism. Bone and mineral metabolism is an ESRD PPS functional category where drugs and biologicals that fall in this category are always considered to be used for the treatment of ESRD. ESRD facilities will not receive separate payment for J0620 and J3489 with or without the AY modifier and the claims will process the line item as covered with no separate payment under the ESRD PPS.
3. Adding HCPCS J0884 – Injection, argatroban, 1 mg (for ESRD on dialysis) to the access management category.

**Note:** There is a new HCPCS J0883 for argatroban for non-ESRD use. This code will not be permitted on the ESRD type of bill 072x.

4. J0884 is a drug that is used for access management. Access management is an ESRD PPS functional category where drugs and biologicals that fall in this category are always considered to be used for the treatment of ESRD. ESRD facilities will not receive separate payment for J0884 with or without the AY modifier and the claims will process the line item as covered with no separate payment under the ESRD PPS.
5. In accordance with 42 CFR 413.237(a)(1), HCPCS J0620, J3489, and J0884 are considered to be eligible outlier services. Drugs and biologicals are included in the outlier calculation when the manufacturer submits Average Sales Price (ASP) data to CMS. Details regarding submitting ASP data can be found on the CMS website: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/index.html>
6. Adding the following HCPCS to the composite rate drugs and biologicals category since these drugs meet the definition of a composite rate drug in Pub. 100-02, Chapter 11, Section 20.3.F and are renal dialysis services:
  - J0945 - Injection, brompheniramine maleate, per 10 mg.
  - J3265 - Injection, torsemide, 10 mg/ml

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- J7131 - Hypertonic saline solution, 1 ml
7. HCPCS J0945, J3265, and J7131 do not meet the definition of an outlier service and therefore do not qualify for an outlier payment. In accordance with CR8978, ESRD facilities should report J0945, J3265, and J7131 along with any other composite rate drugs listed in Attachment B in CR9807 (See related MLN Matters article [MM8978](#)).
  8. Removing HCPCS J3487 – Injection, zoledronic acid (zometa), 1 mg from the bone and mineral metabolism category. This code was terminated December 31, 2013, and replaced by J3489 effective January 1, 2014.
  9. Removing HCPCS C9121 – Injection, argatroban, per 5 mg from the access management category. This code is terminated effective December 31, 2016, and will be replaced by J0884 (Injection, Argatroban, 1 mg (for ESRD on dialysis), effective January 1, 2017).
  10. Removing J0635 – calcitriol. This code is no longer an active code.
  11. Removing HCPCS S0169 – calcitriol. S codes are not payable under Medicare. Attachment B in CR9807 reflects the items and services that are subject to the ESRD PPS consolidated billing requirements.

## CY 2017 AKI Dialysis Payment Rate for Renal Dialysis Services

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1. Beginning January 1, 2017, CMS will pay ESRD facilities \$231.55 per treatment.
2. The labor-related share is 50.673.
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 QIP.

## Additional Information

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The official instruction, CR9807, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R229BP.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/>.

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## Document History

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Date of Change	Description
December 6, 2016	The article was revised, to add a link to MLN Matters Article <a href="#">MM9814</a> that details payment information for AKI services.
November 4, 2016	Initial article released

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