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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) 2018

MLN Matters Number: MM10312 Related Change Request (CR) Number: 10312

Related CR Release Date: November 3, 2017 Effective Date: January 1, 2018

Related CR Transmittal Number: R237BP Implementation Date: January 2, 2018

Note: This article was revised on March 28, 2018, to link to a MM10065 which is based on CR10065. CR10065 directs the MACS to implement the Transitional Drug Add-On Payment Adjustment (TDAPA). All other information remains the same.

PROVIDER TYPES 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.

WHAT YOU NEED TO KNOW

Change Request (CR) 10312 implements the Calendar Year (CY) 2018 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. This MLN Matters® (MM) Article summarizes these changes. 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 Section1881(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. As a result, beginning with CY 2012, 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 market basket increase factor minus the productivity adjustment will

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update the ESRD PPS base rate. Section 217(b)(2) of the Protecting Access to Medicare Act of 2014 (PAMA) included a provision that dictated how the market basket should be reduced for CY 2018.

In accordance with 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 AKI. CR 9598 implemented the payment for renal dialysis services and provides detailed information regarding payment policies. You can view the corresponding MLN Matters Article at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9598.pdf.

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 2018 ESRD PPS updates are as follows:

ESRD PPS base rate:

1. A 0.3 percent update to the CY 2017 payment rate. ($231.55 x 1.003 =$232.24).
2. 2. A wage index budget-neutrality adjustment factor of 1.000531. ($232.24 x 1.000531 = $232.37)

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.

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 $42.41.
2. For pediatric patients, the adjusted average outlier service MAP amount per treatment is $37.31.

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 $77.54 for adult patients.
2. The fixed dollar loss amount is $47.79 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 CR10312 for a list of CY2018 outlier services.
2. The mean dispensing fee of the National Drug Codes (NDCs) qualifying for outlier consideration is revised to $0.76 per NDC per month for claims with dates of service on or after January 1, 2018. See Attachment A of CR10312.

Consolidated Billing Requirements:

The CB 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:
   (a) J0604 - Cinacalcet, oral, 1 mg, (for ESRD on dialysis)
   (b) J0606 - Injection, etelcalcetide, 0.1 mg
2. These drugs are payable under the Transitional Drug Add-on Payment Amount (TDAPA) policy for ESRD beneficiaries and are not separately payable for AKI beneficiaries. The TDAPA was implemented with CR 10065. (See the related MLN Matters article at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/mm10065.pdf. New drugs and biologicals that are eligible for TDAPA do not qualify as an outlier service.
3. Adding the following HCPCS to the composite rate drugs and biologicals category since these drugs meet the definition of a composite rate drug in the Medicare Benefit Policy Manual, Pub. 100-02, chapter 11, section 20.3.F and are renal dialysis services:
   - J7030 Infusion, normal saline solution , 1000 cc
   - J7050 Infusion, normal saline solution, 250 cc
   - J7040 Infusion, normal saline solution, sterile
   - J7060 5% dextrose/water (500 ml = 1 unit)
   - J7042 5% dextrose/normal saline (500 ml = 1 unit)

- J7070 Infusion, d5w, 1000 cc
- J7120 Ringers lactate infusion, up to 1000 cc
- J2360 Injection, orphenadrine citrate, up to 60 mg

4. HCPCS J7030, J7050, J7040, J7060, J7042, J7070, J7120, and J2360 do not meet the definition of an outlier service and therefore do not qualify for an outlier payment. In accordance with CR 8978, ESRD facilities should report J7030, J7050, J7040, J7060, J7042, J7070, J7120, and J2360 along with any other composite rate drugs listed in Attachment B of CR10312.

CY 2018 AKI Dialysis Payment Rate for Renal Dialysis Services:

1. Beginning January 1, 2018, CMS will pay ESRD facilities $232.37 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 Quality Incentive Program (QIP).
5. The TDAPA does not apply to AKI claims.

MACs will not allow a separate payment when the AY modifier is present on Type of Bill 72x (ESRD) with the HCPCS codes J0604 and J0606.

ADDITIONAL INFORMATION

The official instruction, CR 10312, issued to your MAC regarding this change is available at https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2017Downloads/R237BP.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/.

DOCUMENT HISTORY

Date of Change	Description
March 28, 2018	This article was revised to link to a MM10065 which is based on CR10065. CR10065 directs the MACS to implement the Transitional Drug Add-On Payment Adjustment (TDAPA).
November 3, 2017	Initial article released