



# MLN Matters®



Information for Medicare Fee-For-Service Health Care Professionals

Related Change Request (CR) #: 3890

MLN Matters Number: MM3890

Related CR Release Date: June 27, 2005

Related CR Transmittal #: 598

Effective Date: January 1, 2006

Implementation Date: January 1, 2006

## *Implementation of Carrier Guidelines for End Stage Renal Disease (ESRD) Reimbursement for Automated Multi-Channel Chemistry (AMCC) Tests (Supplemental to Change Request 2813)*

**Note:** This article was updated on February 11, 2013, to reflect current Web addresses. All other information remains unchanged.

### Provider Types Affected

Physicians, providers, and suppliers billing automated multi-channel chemistry tests to Medicare carriers

### Provider Action Needed



#### **STOP – Impact to You**

This article is based on information from Change Request (CR) 3890, which supplements CR2813 by implementing Carrier procedures for enforcing compliance with the payment policy for End Stage Renal Disease (ESRD)-related laboratory services (i.e., the ESRD 50/50 rule).



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

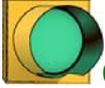
The ESRD 50/50 rule requires the billing laboratory to identify AMCC tests ordered and to classify them according to the following categories:

1. AMCC test ordered by an ESRD facility (or MCP physician) that is part of the composite rate and is not separately billable;
2. AMCC test ordered by an ESRD facility (or MCP physician) that is a composite rate test but is beyond the normal frequency covered under the rate and is separately reimbursable based on medical necessity; and
3. AMCC test ordered by an ESRD facility (or MCP physician) that is not part of the composite rate and is separately billable.

This proportion (or percentage) of composite tests to non-composite tests is used to determine whether separate payment may be made for all tests performed on the same day for the same beneficiary.

#### Disclaimer

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**GO – What You Need to Do**

When billing Medicare for ESRD-related AMCC tests, laboratories must identify which tests, if any, are not included within the ESRD facility composite rate payment. Ensure the tests are properly identified. When billing for AMCC tests, the laboratory must identify the appropriate modifier for each test, as follows:

- **Modifier “CD”** – AMCC test has been ordered by an ESRD facility (or MCP physician) that is part of the composite rate and is not separately billable.
- **Modifier “CE”** – AMCC test has been ordered by an ESRD facility (or MCP physician) that is a composite rate test but is beyond the normal frequency covered under the rate and is separately reimbursable based on medical necessity.
- **Modifier “CF”** – AMCC test has been ordered

**Background**

This instruction supplements Change Request (CR) 2813 (Transmittal 198, dated June 4, 2004, subject: End Stage Renal Disease (ESRD) Reimbursement for Automated Multi-Channel Chemistry (AMCC) Tests) by implementing Medicare carrier procedures to enforce compliance with the payment policy for End Stage Renal Disease (ESRD)-related laboratory services. The Centers for Medicare & Medicaid Services (CMS) is implementing these new procedures in response to payment vulnerabilities identified by the Office of the Inspector General (OIG) in the Department of Health and Human Services.

*The ESRD 50/50 Rule*

The ESRD 50/50 rule requires the billing laboratory to determine (for the same beneficiary on the same date-of-service):

- The number of AMCC tests (ordered and performed) that are included in the composite payment rate paid to the ESRD facility (or the monthly capitation payment made to the furnishing physician); and
- The number of covered non-composite tests paid.

The proportion of composite versus non-composite tests calculated by the billing laboratory is then used to determine whether separate payment may be made for all tests performed on that day.

Medicare’s composite rate payment to an ESRD facility (or Monthly Capitation Payment (MCP) to a physician) includes reimbursement for certain routine clinical laboratory tests furnished to an ESRD beneficiary. However, separate payment for such clinical laboratory tests may be made when more than 50 percent of all Medicare-covered laboratory services (furnished to the same beneficiary on the same date of service) are AMCC tests that are not included in the composite payment rate.

In other words (for the same beneficiary on the same date of service):

When...	Then...
The 50 percent threshold is met [i.e., more than 50 percent of the covered tests are non-composite payment rate tests]	<b>All</b> laboratory tests (composite payment rate and non-composite payment rate tests) furnished on that date are separately payable.
The 50 percent threshold is <b>not</b> met [i.e., 50 percent or more of the covered tests are included under the composite payment rate]	<b>No</b> laboratory tests (including non-composite payment rate tests) furnished on that date are separately payable.

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**Note:** A non-composite payment rate test is defined as any test separately reimbursable outside of the composite payment rate or beyond the normal frequency covered under the composite payment rate that is reasonable and necessary.

### Laboratory Tests Subject to ESRD 50/50 Rule

The laboratory tests subject to the ESRD 50/50 rule are those tests:

- Included within AMCC tests, and
- Furnished to an ESRD beneficiary based upon an order by:
  - A doctor rendering care in the dialysis facility; or
  - A Monthly Capitation Payment (MCP) physician at the dialysis facility for the diagnosis and treatment of the beneficiary's ESRD.

**Note:** Tests ordered by the MCP physician outside of the dialysis clinic are not subject to the ESRD 50/50 rule.

### *Payment Policy for AMCC Tests for ESRD Beneficiaries*

With respect to the application of the payment policy for AMCC tests for ESRD beneficiaries, the following applies:

- Payment is at the lowest rate even if those automated tests were submitted as separate claims for tests performed by the same provider, for the same beneficiary, for the same date of service.
- For a particular date of service, the laboratory identifies the AMCC tests ordered that are included in the composite rate and those that are not included. The composite rate tests are defined in attachments to CR3890. Attachment 1 shows tests for Hemodialysis, Intermittent Peritoneal Dialysis (IPD), Continuous Cycling Peritoneal Dialysis (CCPD), and Hemofiltration. Attachment 2 covers Continuous Ambulatory Peritoneal Dialysis (CAPD). Instructions for accessing CR3890 are provided in the Additional Information section of this article.
- All tests ordered for beneficiaries with chronic dialysis for ESRD must be billed individually. Carriers must reject claims for these tests when billed as a panel.
- When billing Medicare for ESRD-related AMCC tests, laboratories must identify which tests, if any, are not included within the ESRD facility composite rate payment. Three pricing modifiers discreetly identify the different payment situations for ESRD AMCC services. When billing for AMCC tests, the laboratory must identify the appropriate modifier for each test, as follows:
  - **Modifier "CD"** – AMCC test has been ordered by an ESRD facility (or MCP physician) that is part of the composite rate **and** is not separately billable.
  - **Modifier "CE"** – AMCC test has been ordered by an ESRD facility (or MCP physician) that is a composite rate test but is beyond the normal frequency covered under the rate **and** is separately reimbursable based on medical necessity.
  - **Modifier "CF"** – AMCC test has been ordered by an ESRD facility (or MCP physician) that is **not** part of the composite rate **and** is separately billable.

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**Note:** ESRD clinical laboratory tests identified with modifiers "CD", "CE" or "CF" may not be billed as organ or disease panels. Upon the effective date of CR3890, all ESRD clinical laboratory tests must be billed individually.

### Additional Information

For complete details, please see the official instruction issued to your carrier regarding this change. That instruction may be viewed by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R598CP.pdf> on the CMS website.

If you have any questions, please contact your carrier 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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