

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



News Flash – ICD-10 Medicare Severity Diagnosis Related Grouper (MS-DRG), Version 30.0 (FY 2013) mainframe and PC software is now available. This software is being provided to offer the public a better opportunity to review and comment on the ICD-10 MS-DRG conversion of the MS-DRGs. This software can be ordered through the [National Technical Information Service](#) (NTIS) website. A link to NTIS is also available in the Related Links section of the [ICD-10 MS-DRG Conversion Project](#) website. The final version of the ICD-10 MS-DRGs will be subject to formal rulemaking and will be implemented on October 1, 2014.

MLN Matters® Number: MM7366

Related Change Request (CR) #: CR 7366

Related CR Release Date: April 28, 2011

Effective Date: April 1, 2011

Related CR Transmittal #: R887OTN

Implementation Date: April 15, 2011

End Stage Renal Disease (ESRD) Transition Budget Neutrality Adjustment - Correction

Note: This article was revised on March 22, 2013, with an updated ICD-10 News Flash. All other information is unchanged.

Provider Types Affected

Medicare certified ESRD facilities billing Medicare Fiscal Intermediaries (FIs) or Part A/B Medicare Administrative Contractors (A/B MACs) for ESRD dialysis services are affected.

Provider Action Needed



STOP – Impact to You

This article is based on Change Request (CR) 7366 which corrects the ESRD transition budget neutrality adjustment.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2010 American Medical Association.

**CAUTION – What You Need to Know**

CR 7366 instructs your Medicare contractors to amend the transition budget neutrality adjustment by replacing the 3.1 percent payment reduction to a zero percent payment budget neutrality adjustment for renal dialysis services provided on or after April 1, 2011. CR 7366 also instructs your Medicare contractor(s) to hold the ESRD claims with dates of service in April 2011 until the implementation of CR 7366 (April 9, 2011). Since ESRD claims are submitted monthly, April claims submitted in the first week of May will be held until May 9, 2011. This hold should not impact timely payments made to providers.

**GO – What You Need to Do**

See the Background and Additional Information Sections of this article for further details regarding these changes.

Background

The Centers for Medicare & Medicaid Service (CMS) issued an Interim Final Rule, which amends the ESRD transitional budget neutrality adjustment factor finalized in the Calendar Year (CY) 2011 ESRD Prospective Payment System (ESRD PPS) final rule published on August 12, 2010 (see <http://edocket.access.gpo.gov/2010/pdf/2010-18466.pdf> on the Internet). This adjustment will result in more accurate payments in CY 2011. Specifically, Section 1881(b)(14)(E)(iii) of the Social Security Act (see http://www.ssa.gov/OP_Home/ssact/title18/1881.htm) requires that an adjustment be made to payments for renal dialysis services provided by ESRD facilities during the transition so that estimated total amount of payments under the ESRD PPS, including payments under the transition, equals the estimated total amount of payments that would otherwise occur under the ESRD PPS without such a transition.

In the ESRD PPS final rule, CMS indicated that based on simulation of estimated payments, a 3.1 percent reduction would be applied to all payments made to Medicare certified ESRD facilities for renal-dialysis services provided on or after January 1, 2011, through December 31, 2011. CMS is amending this 3.1 percent reduction in the Interim Final Rule to reflect the actual number of ESRD facilities that elected to receive 100 percent payment under the ESRD PPS.

As a result, a zero percent transition budget-neutrality adjustment will be applied to payments made to ESRD facilities for renal dialysis services provided on or after April 1, 2011, through December 31, 2011.

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Also, CR 7366 instructs your Medicare contractors to hold the ESRD claims with dates of service in April 2011 until the implementation of CR 7366. Since ESRD claims are submitted monthly, April claims submitted in the first week of May will be held until May 9, 2011. This hold should not impact timely payments made to providers.

Additional Information

The official instruction, CR 7366, issued to your FIs and A/B MACs regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R887OTN.pdf> on the CMS website.

If you have any questions, please contact your FIs or A/B MACs 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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