

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



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- **“Medicare Fraud and Abuse: Prevention, Detection, and Reporting”** Fact Sheet, ICN 006827, Downloadable

MLN Matters® Number: MM8978 **Revised** Related Change Request (CR) #: CR 8978

Related CR Release Date: December 2, 2014 Effective Date: January 1, 2015

Related CR Transmittal #: R200BP and R3139CP Implementation Date: January 5, 2015

Implementation of Changes in the End-Stage Renal Disease Prospective Payment System (ESRD PPS) for Calendar Year (CY) 2015

Note: This article was revised on December 8, 2014, to reflect the revised CR8978 issued on December 2. In the article, the CR release date, transmittal numbers, and the Web addresses for accessing CR8978 are revised. All other information remains the same.

Provider Types Affected

This MLN Matters® Article is intended for End Stage Renal Disease (ESRD) facilities submitting claims to Medicare Administration Contractors (MACs) for renal dialysis services provided to Medicare beneficiaries.

Provider Action Needed

This article is based on Change Request (CR) 8978 which implements the CY 2015 rate updates for the ESRD Prospective Payment System (PPS). Make sure that your billing staffs are aware of these changes for CY 2015.

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Background

In accordance with the Medicare Improvements for Patients and Providers Act (MIPPA; section 153(b)), the Centers for Medicare & Medicaid Services (CMS) implemented the End Stage Renal Disease (ESRD) Prospective Payment System (PPS) effective January 1, 2011. You may review MIPPA (section 153(b)) at <http://www.gpo.gov/fdsys/pkg/PLAW-110publ275/pdf/PLAW-110publ275.pdf> on the Internet.

The Affordable Care Act (section 3401(h) amended MIPPA (section 153(b)); see <http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf>), and states that for 2012 and each subsequent year, CMS will reduce the ESRD bundled (ESRDB) market basket increase factor by a productivity adjustment described in the Social Security Act (section 1886(b)(3)(B)(xi)(II); see http://www.ssa.gov/OP_Home/ssact/title18/1886.htm). The ESRDB market basket increase factor minus the productivity adjustment will update the ESRD PPS base rate.

For CY 2015, CMS rebased and revised the ESRDB market basket so that the cost weights and price proxies reflect the mix of goods and services that underlie ESRD bundled operating and capital costs for CY 2012. A payment provision for CY 2015 that is affected by the rebase and revision is an increase in the labor-related share, which is used when adjusting payments for geographic locality. CMS is implementing a 2-year transition under which a 50/50 blended labor-related share will apply to all ESRD facilities.

In addition, the Protecting Access to Medicare Act of 2014 (PAMA; section 217; see <http://www.gpo.gov/fdsys/pkg/BILLS-113hr4302enr/pdf/BILLS-113hr4302enr.pdf> on the Internet) includes several provisions that apply to the ESRD PPS. The most significant provisions for CY 2015 are the elimination of the drug utilization adjustment transition, a 0.0 percent update to the ESRD PPS base rate, and a delay in the inclusion of oral-only drugs used for the treatment of ESRD into the bundled payment until January 1, 2024.

The CY 2015 ESRD PPS final rule adopts the most recent core-based statistical area (CBSA) delineations as described in the February 28, 2013, Office of Management and Budget (OMB) Bulletin No. 13-01. In addition, CMS is implementing a 2-year transition under which a 50/50 blended wage index will apply to all ESRD facilities. As a result, several counties now have new CBSA numbers. In addition, for CY 2015 only, there are several special wage index values that need to be sent to the ESRD PPS pricer in order to apply correct payments to certain ESRD facilities.

ESRD facilities can confirm their CY 2015 CBSA delineation status and wage index value at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ESRDpayment> on the CMS website.

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The consolidated billing requirements for drugs and biologicals included in the ESRD PPS will be updated to include Health Care Procedure Coding System (HCPCS) code J3480 (Injection, potassium chloride, per 2 meq). It is a composite rate drug and therefore, is not eligible for outlier consideration.

Regarding the calculation for outlier payments, there is a correction to the mean unit cost associated with the oral equivalent drug, Hectorol (doxercalciferol) 0.5 mcg capsule and 1 mcg capsule, applicable to claims with dates of service in 2014. Facilities that believe the mean unit cost corrections may impact their outlier payments for claims in 2014, should submit adjustments to their claims within 6 months from the effective date of CR8978. MACs will be instructed to override timely filing if necessary.

Finally, in an effort to enhance the ESRD claims data for possible future refinements to the ESRD PPS, CMS is requiring ESRD facilities to begin reporting composite rate drugs and biologicals on the claim. Specifically, ESRD facilities should only report the composite rate drugs identified on the consolidated billing drug list provided in Attachment B of CR 8978. The ESRD PPS payment policy remains the same for composite rate drugs, therefore, no separate payment is made and these drugs will not be included in the outlier policy.

Calendar year (CY) 2015 ESRD PPS Updates:

ESRD PPS base rate:

A zero percent update to the payment rate results in a CY 2015 ESRD PPS base rate of \$239.02 in accordance with section 217(b)(2) of PAMA. With a wage index budget neutrality adjustment factor of 1.001729, the CY 2015 ESRD PPS base rate is \$239.43 ($\$239.02 \times 1.001729 = \239.43).

Wage index:

The wage index adjustment will be updated to reflect the latest available wage data. New CBSA delineations are being implemented with a 50/50 blend of wage indices and the wage index floor will be reduced from 0.45 to 0.40.

Labor-related share:

The revised labor-related share is 50.673 percent, an increase from 41.737 percent. CMS will implement the revised labor-related share with a 50/50 blend under a 2-year transition which results in a labor-related share value of 46.205 percent for CY 2015.

Outlier Policy:

CMS will make 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 \$51.29.

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2. For pediatric patients, the adjusted average outlier service MAP amount per treatment is \$43.57.

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 \$86.19 for adult patients.
2. The fixed dollar loss amount is \$54.35 for pediatric patients.

CMS will make 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, will be 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 CR8978 which provides a list of 2015 Oral and Other Equivalent Forms of Injectable Drugs.
2. The mean dispensing fee of the National Drug Codes (NDC) qualifying for outlier consideration is revised to \$1.15 per NDC per month for claims with dates of service on or after January 1, 2015. See Attachment A of CR8978.

Claims Reporting:

ESRD facilities shall begin reporting the composite rate drugs itemized on the consolidated billing list (see Attachment B of CR8978) when provided, on ESRD claims with dates of service on or after January 1, 2015.

CR 8978 also revises the "Medicare Benefit Policy Manual" (Chapter 11 (End Stage Renal Disease (ESRD), sections 10, 20, 30, 40, 50, and 60) and the "Medicare Claims Processing Manual (Chapter 8 (Outpatient ESRD Hospital, Independent Facility, and Physician/Supplier Claims), section 50.3 (Required Information for In-Facility Claims Paid Under the Composite Rate and the ESRD PPS). These manual revisions are included as attachments to CR 8978.

As part of the manual changes, ESRD facilities are required, effective January 1, 2015, to report on the claim the composite rate drugs identified on the consolidated billing list provided at http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ESRDPayment/Consolidated_Billing.html on the CMS website. No other composite rate drugs, items, or services are to be reported on the claim.

Additional Information

The official instruction, CR 8978, issued to your MAC regarding this change, consists of two transmittals. The first updates the "Medicare Benefit Policy Manual" and it is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R200BP.pdf> on the CMS website. The second transmittal updates the "Medicare Claims Processing Manual," which is available at

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<http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3139CP.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Net-work-MLN/MLNMattersArticles/index.html> under - How Does It Work.

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