
Program Memorandum

Intermediaries

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal A-00-06

Date: FEBRUARY 2000

CHANGE REQUEST 1102

SUBJECT: Instructions for an End Stage Renal Disease (ESRD) Facility to Retain Its Previously Approved Exception Payment Rate

On December 23, 1999, we transmitted Program Memorandum (PM) A-99-59 concerning new composite payment rates and a new exception cycle. In Part III entitled "Intermediary Instructions", we asked you to notify renal facilities of their option to retain their previously approved exception rate in accordance with 42 CFR Subpart H, §413.170. This PM transmits instructions for processing requests from facilities that wish to retain their previously approved rate. Revisions to Chapter 27 of HCFA Publication 15-1 are being revised to incorporate these instructions.

Criteria for Retaining a Previously Approved Exception Rate-- A facility may elect to retain its previously approved exception rate in lieu of any composite rate increase or any other exception amount if you determine that the following are met:

I. Conditions:

A. The facility must submit to you its latest filed cost report to support the fact that its cost per treatment is not less than the previously approved exception amount; and

B. The facility must certify to you that the circumstances for the exception criterion have not changed since the granting of an exception amount. For example, the facility must demonstrate the following:

1. If a facility received an exception under the atypical patient mix criterion, the facility must state in its certification letter to you that its patient mix has remained basically the same as stated in its previously submitted exception request;

2. If a facility received an exception under the frequency of dialysis exception criterion, the facility must state in its certification letter to you that it is still experiencing a substantial decrease in treatments (15 percent or higher) due to a prescribed treatment plan of fewer than 3 treatments per week;

3. If a facility received an exception under the isolated essential facility exception criterion, the facility must state in its certification letter to you that there are no new facilities established nearby that could handle their patient workload; or

4. If a facility received an exception under the training exception criterion, the facility must state in its certification letter to you that its training program has remained basically the same as stated in its previously submitted exception request.

II. Request:

A. The facility must file its request to retain the ESRD exception rate with you during the 30-day period before the opening of the exception cycle, (i.e., no later than February 29, 2000); and

B. The facility is responsible for providing sufficient documentation for you to determine whether the previously approved exception amount should remain in force.

III. Approval or Denial:

A. Your authority to extend an exception amount is limited to the amount previously approved by HCFA. In no case may you revise the previously approved exception rate. Therefore, if a facility continues to meet the conditions under A above, but the facility's cost per treatment on its latest filed cost report is less than the previously approved exception amount, you may not revise the previous exception amount, and the facility will be denied its request to retain its previous exception rate. The facility must file a new exception request;

B. You have 10 working days to approve or deny this request; and

C. You must furnish a copy of the approval or denial letter to:

Health Care Financing Administration
Center for Health Plans and Providers
Chronic Care Policy Group
Division of Chronic Care Management
Mailstop: C5-05-27
7500 Security Boulevard
Baltimore, Maryland 21244-1850

The effective date for this Program Memorandum (PM) is January 30, 2000.

The implementation date for this PM is January 30, 2000.

These instructions should be implemented within your current operating budget.

This PM may be discarded after December 31, 2000.

If you have any questions, contact Mr. Michael Powell (410) 786-4557.