

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-02 Medicare Benefit Policy</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 162</b>	<b>Date: November 2, 2012</b>
	<b>Change Request 8120</b>

**This Transmittal is no longer sensitive and is being re-communicated November 7, 2012. The Transmittal Number, date of Transmittal and all other information remain the same. This instruction may now be posted to the Internet.**

**SUBJECT: Implementation of Changes in the End-Stage Renal Disease Prospective Payment System (ESRD PPS) for Calendar Year (CY) 2013**

**I. SUMMARY OF CHANGES:** This Change Request implements the third year of the ESRD PPS 4-year transition period and the calendar year 2013 rate updates for the basic case-mix adjusted composite payment system portion of the blended payment amount and the ESRD PPS. This recurring update notification applies to chapter 11, section 30.5.

**EFFECTIVE DATE: January 1, 2013**

**IMPLEMENTATION DATE: January 7, 2013**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)**

R=REVISED, N=NEW, D=DELETED

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	

**III. FUNDING:**

**For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:**

No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

#### **IV. ATTACHMENTS:**

##### **Recurring Update Notification**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment - Recurring Update Notification

Pub. 100-02	Transmittal: 162	Date: November 2, 2012	Change Request: 8120
-------------	------------------	------------------------	----------------------

**SUBJECT: Implementation of Changes in the End-Stage Renal Disease Prospective Payment System (ESRD PPS) for Calendar Year (CY) 2013**

**EFFECTIVE DATE: January 1, 2013**

**IMPLEMENTATION DATE: January 7, 2013**

## **I. GENERAL INFORMATION**

**A. Background:** In accordance with Section 153(b) of the Medicare Improvements for Patients and Providers Act (MIPPA), The Centers for Medicare & Medicaid Services (CMS) implemented the ESRD bundled Prospective Payment System (PPS) effective January 1, 2011.

For CY 2013, in addition to updating the ESRD PPS payment amount, CMS must continue to update the basic case-mix adjusted composite payment system for purposes of determining the composite rate portion of the blended payment amount during the ESRD PPS 4-year transition (CYs 2011 - 2014). CY 2013 implements the third year of the transition where ESRD facilities will be paid a blended amount based upon 25 percent of the basic case-mix adjusted composite payment amount and 75 percent of the ESRD PPS payment amount. ESRD facilities that elected to be reimbursed 100 percent under the ESRD PPS will be reimbursed 100 percent of the CY 2013 ESRD PPS payment amount.

Section 153(b) was amended by section 3401(h) of Public Law 111-148, the Affordable Care Act, and stated that for 2012 and each subsequent year the Secretary shall reduce the ESRD bundled (ESRDB) market basket increase factor by a productivity adjustment described in section 1886(b)(3)(B)(xi)(II) of the Social Security Act (the Act).

The ESRDB market basket increase factor minus the productivity adjustment will update the composite base rate applicable to the basic case-mix adjusted composite payment system portion of the blended payment and the ESRD PPS base rate applicable to both the ESRD PPS portion of the blended payment under the transition and payments under the full PPS.

CMS has identified an error in the previous ESRD PPS PRICER that was assigning the peritoneal dialysis adjustors for ultrafiltration billed for pediatric claims. The appropriate adjustor for ultrafiltration is the hemodialysis adjustor. The 2013 ESRD PPS PRICER corrects this error. In the event that any ESRD facilities received incorrect payments for pediatric ultrafiltration services, they may adjust their claims after the implementation date of this instruction.

## **B. Policy: Calendar Year (CY) 2013 Rate Updates**

For CY 2013, CMS will make the following **updates to the basic case-mix adjusted composite payment system portion of the blended payment amount** for the third year of the ESRD PPS transition:

1. The composite rate will be updated by the ESRDB market basket minus a productivity adjustment which results in an increase of 2.3 percent ( $\$141.94 \times 1.023 = \$145.20$ ). Therefore, the unadjusted composite rate for CY 2013 is \$145.20.
2. The drug add-on percentage will be reduced from 14.3 to 14.0 as a result of the increase to the composite rate for CY 2013.
3. The wage index adjustment will be updated to reflect the latest available wage data. The wage index is available on the CMS Website at: <https://www.cms.gov/ESRDPayment>.
4. The wage index floor will be reduced from 0.550 to 0.500. With the application of a budget neutrality adjustment of 1.001141, this results in a wage index floor of 0.501.

For CY 2013, CMS will make the following **updates to the ESRD PPS base rate and wage index**:

1. The ESRD PPS base rate will be updated by the ESRDB market basket minus a productivity adjustment which results in an increase of 2.3 percent ( $\$234.81 \times 1.023 = \$240.21$ ). Therefore, the unadjusted ESRD PPS base rate for CY 2013 is \$240.21.
2. The wage index adjustment will be updated to reflect the latest available wage data.
3. The wage index floor will be reduced from 0.550 to 0.500. There will be no application of a budget neutrality adjustment to the wage index floor for full ESRD PPS payments, nor the ESRD PPS portion of the blended payment under the transition.
4. The wage index budget neutrality adjustment factor will be applied to the ESRD PPS base rate subsequent to the application of the ESRDB market basket minus productivity adjustment ( $\$240.21 \times 1.000613 = \$240.36$ ). Therefore, the ESRD PPS base rate for CY 2013 is \$240.36.

### **Transition Budget Neutrality Adjustment**

For CY 2013, for the transition budget-neutrality adjustment, CMS will apply a 0.1 percent increase, that is, a 1.001 adjustment factor to both the blended payments made under the transition and payments made under the 100 percent ESRD PPS for renal dialysis services furnished January 1, 2013 through December 31, 2013.

### **Outlier Policy Changes**

For CY 2013, CMS will make the following updates to the average outlier service MAP amount per treatment:

1. For adult patients, the adjusted average outlier service MAP amount per treatments is \$59.42
2. For pediatric patients, average outlier service MAP amount per treatment is \$41.39.

For CY 2013, 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 \$110.22 for adult patients.
2. The fixed dollar loss amount is \$47.32 for pediatric patients.

For CY 2013, CMS will make the following changes to the list of outlier services:

1. The ESRD-related Part D drugs which 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. The list of ESRD-related Part D drugs will also be updated to reflect the most recent list of ESRD-related Part D drugs that are eligible for outlier payment. See attachment A.
2. The mean dispensing fee of the National Drug Codes (NDC) qualifying for outlier consideration is revised to \$1.48 per NDC per month for claims with dates of service on or after January 1, 2013.

## II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement.

Number	Requirement	Responsibility										
		A/B MAC		D M E M A C	F I E R	C A R R I E R	R H I	Shared- System Maintainers				Other
		P a r t A	P a r t B					F I S S	M C S	V M S	C W F	
8120.1	Medicare contractors shall load the 2013 ESRD PPS PRICER.							X				
8120.2	Medicare contractors shall update the provider file for ESRD facilities to include newly attested low volume facilities and update any revised CBSA codes if applicable.	X			X							
8120.3	Medicare contractors shall update the Part D outlier drug list and mean unit costs for claims with dates of service in 2013. See Attachment A.							X				
8120.4	Medicare contractors shall update the NDC dispensing fee for ESRD outlier services to \$1.48 for claims with dates of service in 2013.							X				
8120.5	Medicare contractors shall update the transition budget neutrality adjustment to 1.001 for claims with dates of service in 2013.							X				
8120.6	Medicare contractors shall adjust ESRD pediatric claims paid in 2011 and 2012 with the incorrect adjustor for ultrafiltration (revenue code 0881) when brought to their attention by a facility within 6 months of the implementation date of this instruction.	X			X							
8120.7	Medicare contractors shall override timely filing edits for adjustments being made to correct the adjustor for pediatric claims with ultrafiltration.	X			X							

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility						Other
		A/B MAC	D M E	F I	C A R R I E R	R H H I		
		P a r t  A	P a r t  B	M A C				
8120.8	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X			X			

### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*Use "Should" to denote a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information: N/A**

### V. CONTACTS

**Pre-Implementation Contact(s):** Michelle Cruse, 410-786-7540 or michelle.cruse@cms.hhs.gov (ESRD Payment Policy), Stephanie Frilling, 410-786-4507 or stephanie.frilling@cms.hhs.gov (ESRD Payment Policy), Wendy Tucker, 410-786-3004 or wendy.tucker@cms.hhs.gov (Claims Processing), Tracey Mackey, 410-786-5736 or tracey.mackey@cms.hhs.gov (Claims Processing)

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

## **VI. FUNDING**

### **Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:**

No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

### **Section B: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS do not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

Attachment

## Attachment A

### Outlier Services

#### Oral and Other Equivalent Forms of Injectable Drugs<sup>1</sup>

NDC <sup>2</sup>	Drug Product	Mean Unit Cost
30698014301 30698014323 54868346100	Rocaltrol (calcitriol) 0.25 mcg capsules	\$ .72
30698014401	Rocaltrol (calcitriol) 0.5 mcg capsules	\$ 2.32
30698091115	Rocaltrol (calcitriol) 1 mcg/mL oral solution (15ml/bottle)	\$ 12.66
00054000725 00054000713 00093065701 43353063381 00440721599 54868458400 63304023901 63304023930 67544103581	Calcitriol 0.25 mcg capsules	\$ 0.85
00093065801 54868458200 63304024001	Calcitriol 0.5 mcg capsules	\$ 1.59
00054312041 63304024159	Calcitriol 1 mcg/mL oral solution (15ml/bottle)	\$ 9.97
00074431730	Zemplar (paricalcitol) 1 mcg capsule	\$ 9.75
00074431430	Zemplar (paricalcitol) 2 mcg capsule	\$ 19.49
00074431530	Zemplar (paricalcitol) 4 mcg capsule	\$ 38.91
58468012001	Hectorol (doxercalciferol) 0.5 mcg capsule	\$ 8.09
58468012401	Hectorol (doxercalciferol) 1 mcg capsule	\$ 16.14
58468012101	Hectorol (doxercalciferol) 2.5 mcg capsule	\$ 22.46
54482014407	Carnitor (levocarnitine) 330 mg tablet	\$ 0.83
54482014508	Carnitor (levocarnitine) 1GM/10ML oral solution (118mL/bottle)	\$ 0.25
54482014701	Carnitor (levocarnitine) 1 g/5 mL injection	\$ 6.62
64980050312 50383017104	Levocarnitine 1GM/10ML oral solution (118mL/bottle)	\$ 0.20
64980013009 50383017290	Levocarnitine 330 mg tablet	\$ 0.67

<sup>1</sup> Outlier services imputed payment amounts. Oral or other equivalent forms of Part B injectable drugs included in the ESRD PPS bundle (notwithstanding the delayed implementation of ESRD-related oral-only drugs effective 1/1/2014).



<sup>2</sup> The mean dispensing fee of the NDCs listed above is \$1.48. This amount will be applied to each NDC included fee on the monthly claim. We will limit 1 dispensing per NDC per month. Providers should report the quantity in the smallest available unit. This is necessary because Medicare is using the mean per unit cost in calculating the outlier. For example, if the provider reports NDC 00054312041 Calcitriol 1 mcg/ml oral solution (15/ml/bottle) reported and uses the full 15 ml bottle, the quantity is as 15, not 1. This allows for the most accurate calculation for the outlier.

## Laboratory Tests

<b>CPT/HCPCS</b>	<b>Short Description</b>
82108	Assay of aluminum
82306	Vitamin d, 25 hydroxy
82379	Assay of carnitine
82570	Assay of urine creatinine
82575	Creatinine clearance test
82607	Vitamin B-12
82652	Vit d 1, 25-dihydroxy
82668	Assay of erythropoietin
82728	Assay of ferritin
82746	Blood folic acid serum
83540	Assay of iron
83550	Iron binding test
83970	Assay of parathormone
84134	Assay of prealbumin
84466	Assay of transferrin
84540	Assay of urine/urea-n
84545	Urea-N clearance test
85041	Automated rbc count
85044	Manual reticulocyte count
85045	Automated reticulocyte count
85046	Reticyte/hgb concentrate
85048	Automated leukocyte count
86704	Hep b core antibody, total
86705	Hep b core antibody, igm
86706	Hep b surface antibody
87040	Blood culture for bacteria
87070	Culture, bacteria, other
87071	Culture bacteri aerobic othr
87073	Culture bacteria anaerobic
87075	Cultr bacteria, except blood
87076	Culture anaerobe ident, each
87077	Culture aerobic identify
87081	Culture screen only
87340	Hepatitis b surface ag, eia

## Equipment and Supplies

<b>HCPCS</b>	<b>Short Description</b>
A4657	Syringes with or with needle, each
A4913	Miscellaneous dialysis supplies, not otherwise specified