



Implementation of Changes in the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS) and Payment for Dialysis Furnished for Acute Kidney Injury (AKI) in ESRD Facilities for Calendar Year (CY) 2020

MLN Matters Number: MM11506

Related Change Request (CR) Number: CR 11506

Related CR Release Date: November 14, 2019

Effective Date: January 1, 2020

Related CR Transmittal Number: R262BP

Implementation Date: January 6, 2020

PROVIDER TYPES AFFECTED

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

PROVIDER ACTION NEEDED

CR 11506 implements the Calendar Year (CY) 2020 rate updates for the ESRD Prospective Payment System (PPS) and updates the payment for renal dialysis services furnished to beneficiaries with Acute Kidney Injury (AKI) in ESRD facilities. Make sure that your billing staffs are aware of these changes.

BACKGROUND

Effective January 1, 2011, the Centers for Medicare & Medicaid Services (CMS) implemented the ESRD PPS based on the requirements of section 1881(b)(14) of the Social Security Act (the Act) as added by section 153(b) of the Medicare Improvements for Patients and Providers Act (MIPPA). Section 1881(b)(14)(F) of the Act, as added by MIPPA section 153(b), and amended by section 3401(h) of the Affordable Care Act, established that beginning with CY 2012, and each subsequent year, the Secretary will annually increase payment amounts by an ESRD market basket increase factor, reduced by the productivity adjustment described in section 1886(b)(3)(B)(xi)(II) of the Act. The ESRD bundled (ESRDB) market basket increase factor minus the productivity adjustment will update the ESRD PPS base rate.

As required by section 1834(r) of the Act as added by section 808(b) of the Trade Preferences Extension Act of 2015 (TPEA), CMS pays ESRD facilities for furnishing renal dialysis services to

Medicare beneficiaries with AKI. CR9598 (see related article at <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM9598.pdf>) implemented the payment for renal dialysis services and provides detailed information regarding AKI payment policies.

The ESRD PPS includes consolidated billing requirements for limited Part B services included in the ESRD facility's bundled payment. CMS periodically updates the lists of items and services that are subject to Part B consolidated billing and are therefore no longer separately payable when provided to ESRD beneficiaries by providers other than ESRD facilities.

CY 2019 Outlier Services List

With regard to the calculation for CY 2019 outlier payments, a correction was made to the CY 2019 Outlier Services list for the oral equivalent drug, Paricalcitol 4 mcg capsule, applicable to claims with dates of service in 2019. Active National Drug Codes (NDC) associated with Paricalcitol 4 mcg capsule were inadvertently removed in CR11021. This could have resulted in an underpayment of outlier payments for ESRD facilities that furnished those drugs. The NDCs are listed in Attachment B of CR 11506. (The web address of CR 11506 is available in the Additional Information section of this article.) ESRD facilities that believe the inclusion of these NDCs on the CY 2019 outlier services list may impact their outlier payments for claims in 2019, should submit adjustments to their claims within 6 months from the effective date of CR 11506. The MACs will be instructed to override timely filing if necessary.

The CY 2020 ESRD PPS Updates are as follows:

ESRD PPS base rate:

1. A 1.7 percent update to the CY 2019 payment rate. ($\$235.27 \times 1.017 = \239.27).
2. A wage index budget-neutrality adjustment factor of 1.000244. ($\$239.27 \times 1.000244 = \239.33)

Wage index:

1. The wage index adjustment will be updated to reflect the latest available wage data.
2. The wage index floor is 0.5000.

Labor-related share:

The labor-related share is 52.3 percent.

Outlier Policy:

CMS made 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 \$35.78.
2. For pediatric patients, the adjusted average outlier service MAP amount per treatment is \$32.32.

CMS made the following updates to the fixed dollar loss (FDL) amount that is added to the predicted MAP to determine the outlier threshold:

1. The fixed dollar loss amount is \$48.33 for adult patients.
2. The fixed dollar loss amount is \$41.04 for pediatric patients.

CMS made 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, are updated to reflect the most recent mean unit cost. Also, CMS will add any renal dialysis items and services that are eligible for outlier payment and remove those that are ineligible for outlier payment. See Attachment A of CR 11506.
2. The mean dispensing fee of the NDCs qualifying for outlier consideration is revised to \$0.64 per NDC per month for claims with dates of service on or after January 1, 2020. See Attachment A of CR 11506.

Consolidated Billing Requirements:

1. The long descriptor for the Healthcare Common Procedure Coding System (HCPCS) code Q5105 was revised from Injection, epoetin alfa, biosimilar, (retacrit) (for esrd on dialysis), 100 units to Injection, Epoetin Alfa-epbx, Biosimilar, (Retacrit) (For ESRD on dialysis), 100 units to be consistent with the FDA nomenclature.
2. The current version of the CB requirements are available on the CMS webpage: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ESRDpayment/Consolidated_Billing.html.

Revised non-ESRD HCPCS code:

The long descriptor for HCPCS code Q5106 was revised from Injection, epoetin alfa, biosimilar, (retacrit) (for non-esrd use), 1000 units to Injection, epoetin alfa-epbx, biosimilar, (retacrit) (for non-esrd use), 1000 units. This code is not permitted on the type of bill 072x for an ESRD PPS claim. It is permitted for AKI claims as discussed in CR 10839.

CY 2020 AKI Dialysis Payment Rate for Renal Dialysis Services:

1. Beginning January 1, 2020, CMS will pay ESRD facilities \$239.33 per treatment.
2. The labor-related share is 52.3 percent.
3. The AKI dialysis payment rate will be adjusted for wages using the same wage index that is used under the ESRD PPS.
4. The AKI dialysis payment rate is not reduced for the ESRD Quality Incentive Program (QIP).
5. The Transitional Drug Add-on Payment Adjustment (TDAPA) does not apply to AKI claims.

ADDITIONAL INFORMATION

The official instruction, CR11506, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R262BP.pdf>. You will find Attachments A and B as part of this instruction.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
November 14, 2019	Initial article released.

Disclaimer: Paid for by the Department of Health & Human Services. 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 2018 American Medical Association. All rights reserved.

Copyright © 2013-2019, the American Hospital Association, Chicago, Illinois. Reproduced by CMS with permission. No portion of the AHA copyrighted materials contained within this publication may be copied without the express written consent of the AHA. AHA copyrighted materials including the UB-04 codes and descriptions may not be removed, copied, or utilized within any software, product, service, solution or derivative work without the written consent of the AHA. If an entity wishes to utilize any AHA materials, please contact the AHA at 312-893-6816. Making copies or utilizing the content of the UB-04 Manual, including the codes and/or descriptions, for internal purposes, resale and/or to be used in any product or publication; creating any modified or derivative work of the UB-04 Manual and/or codes and descriptions; and/or making any commercial use of UB-04 Manual or any portion thereof, including the codes and/or descriptions, is only authorized with an express license from the American Hospital Association. To license the electronic data file of UB-04 Data Specifications, contact Tim Carlson at (312) 893-6816. You may also contact us at ub04@healthforum.com

The American Hospital Association (the "AHA") has not reviewed, and is not responsible for, the completeness or accuracy of any information contained in this material, nor was the AHA or any of its affiliates, involved in the preparation of this material, or the analysis of information provided in the material. The views and/or positions presented in the material do not necessarily represent the views of the AHA. CMS and its products and services are not endorsed by the AHA or any of its affiliates.