



Changes to the End Stage Renal Disease (ESRD) PRICER to Accept the New Outpatient Provider Specific File Supplemental Wage Index Fields, the Network Reduction Calculation and New Value Code for Time on Machine

MLN Matters Number: MM11871 **Revised**

Related Change Request (CR) Number: 11871

Related CR Release Date: **January 20, 2021**

Effective Date: January 1, 2021

Related CR Transmittal Number: **R10576OTN**

Implementation Date: January 4, 2021

Note: We revised this article to remove information about reporting time on dialysis machine (see the red print on page 2). CMS is withdrawing the requirement for ESRD facilities to report the value code D6 for the total number of minutes of dialysis provided during the billing period. Also, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.

PROVIDER TYPE AFFECTED

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

PROVIDER ACTION NEEDED

This article informs you about the changes to the ESRD PRICER software, the new value code required for reporting minutes of dialysis provided during the billing period. Also, the article explains the ESRD Network Reduction calculations from the Fiscal Intermediary Shared System (FISS) into the PRICER and requires MACs to adjust claims for retraining treatments to correct the network reduction. Make sure your billing staffs are aware of these changes.

Effective January 1, 2011, the Centers for Medicare & Medicaid Services (CMS) implemented the End Stage Renal Disease (ESRD) Prospective Payment System (PPS) based on the requirements of Section 1881(b)(14) of the Social Security Act (the Act). The ESRD PPS provides a single per treatment payment to ESRD facilities that covers all of the resources used in furnishing an outpatient dialysis treatment.

BACKGROUND

Moving the ESRD Network Reduction Calculation to the ESRD PRICER - There is no change in the payment policy for the ESRD network reduction.

Currently, the ESRD network reduction is calculated in FISS and deducted from the ESRD PPS rate returned by the ESRD PRICER. The ESRD network reduction is \$0.50 per covered treatment when the full ESRD PPS rate is applicable. For ESRD claims billing for continuous modalities of dialysis performed in the beneficiary's home, the ESRD PPS rate is not paid in full but calculated at a daily per diem rate by taking the full ESRD PPS rate multiplied by 3 for the weekly allowable total and dividing by 7 to provide a daily treatment rate. The ESRD network reduction is also calculated at a daily rate by multiplying the \$0.50 by 3 for the weekly total network reduction and dividing by 7 for a daily network reduction of \$0.21.

When hemodialysis or peritoneal dialysis training is performed, including retraining, the full ESRD PPS payment rate is applicable and calculated by the ESRD PRICER. The appropriate ESRD network reduction for retraining is \$0.50 per treatment. CMS learned recently that the network reduction is being calculated incorrectly for dialysis claims billing for retraining treatments of continuous modalities (condition code 87 with either revenue code 0841 or 0851). The use of condition code 87 was implemented effective July 1, 2017, with CR9609 "Updates to the 72X Type of Bill for Home and Self-Dialysis Training, Retraining, and Nocturnal Hemodialysis".

The ESRD PRICER makes the determination whether to pay the full PPS rate or the daily per diem rate per treatment and, as a result, CMS has determined the best place for the network calculation to be applied to the payment is in the ESRD PRICER.

CR 11871 will implement and require the following changes to the ESRD Network Reduction:

- Discontinue calculating the network reduction in FISS for ESRD claims with dates of service on or after January 1, 2021.
- Begin calculating the network reduction in the ESRD PRICER per treatment for ESRD claims with dates of service on or after January 1, 2021.
- Claims processed for retraining of continuous modalities (condition code 87 with either revenue code 0841 or 0851) shall be identified and adjusted to correct the ESRD network reduction from \$0.21 to \$0.50.

Rescinded: Machine Reported Dialysis Treatment Time on the 072X Bill Type

CMS is withdrawing the requirement for ESRD facilities to report the value code D6 for the total number of minutes of dialysis provided during the billing period

ADDITIONAL INFORMATION

The official instruction, CR11871, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10576OTN.pdf>.

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
January 20, 2021	We revised this article to remove information about reporting time on dialysis machine (see the red print on page 2). CMS is withdrawing the requirement for ESRD facilities to report the value code D6 for the total number of minutes of dialysis provided during the billing period. Also, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.
November 12, 2020	Initial article released.

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