



California Dialysis Council

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NEWS UPDATE

DATE: November 30, 2009

SUBJECT: CMS Transmittal 113 ~ Implementation of Changes in ESRD Payment for Calendar Year (CY) 2010

SUMMARY OF CHANGES: This transmittal provides information on the update to the changes to payment to ESRD facilities. Section 153 of the Medicare Improvements for Patient and Providers Act of 2008 (MIPPA) amended section 1881(b)(12) of the Act to require a 1 percent increase to the ESRD composite payment rate and that hospital-based dialysis facilities are paid the same composite payment rate as independent dialysis facilities. In addition to the MIPPA changes, other changes include:

- 1) an update to the drug add-on adjustment to the composite payment rate;
- 2) an update to the wage index adjustments to reflect current .

See the attached CMS Transmittal for the full details.

| | |
|---|---|
| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-02 Medicare Benefit Policy | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 113 | Date: October 30, 2009 |
| | Change Request 6679 |

CR 6679, Transmittal 113, originally communicated as Sensitive/Controversial on October 30, 2009, is being re-issued as no longer sensitive. The transmittal number, issue date and all other information remain the same. The attached instructions may be communicated to the public and posted to your Web site as early as today, November 17, 2009.

Subject: Implementation of Changes in End Stage Renal Disease (ESRD) Payment for Calendar Year (CY) 2010

I. SUMMARY OF CHANGES: This transmittal provides information on the update to the changes to payment to ESRD facilities. Section 153 of the Medicare Improvements for Patient and Providers Act of 2008 (MIPPA) amended section 1881(b)(12) of the Act to require a 1 percent increase to the ESRD composite payment rate and that hospital-based dialysis facilities are paid the same composite payment rate as independent dialysis facilities. In addition to the MIPPA changes, other changes include: 1) an update to the drug add-on adjustment to the composite payment rate; 2) an update to the wage index adjustments to reflect current wage data, including a revised budget neutrality adjustment; and 3) a reduction in the wage index floor.

This Recurring Update Notification applies to chapter 11, section 30.5.

New / Revised Material

Effective Date: January 1, 2010

Implementation Date: January 4, 2010

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

| | |
|--------------|---|
| R/N/D | Chapter/Section/Subsection/Title |
| N/A | |

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; contractor activities are to be carried out within 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 does 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.

IV. ATTACHMENTS:

Recurring Update Notification

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

Attachment – Recurring Update Notification

| | | | |
|-------------|------------------|------------------------|----------------------|
| Pub. 100-02 | Transmittal: 113 | Date: October 30, 2009 | Change Request: 6679 |
|-------------|------------------|------------------------|----------------------|

CR 6679, Transmittal 113, originally communicated as Sensitive/Controversial on October 30, 2009, is being re-issued as no longer sensitive. The transmittal number, issue date and all other information remain the same. The attached instructions may be communicated to the public and posted to your Web site as early as today, November 17, 2009.

SUBJECT: Implementation of Changes in End Stage Renal Disease (ESRD) Payment for Calendar Year (CY) 2010

Effective Date: January 1, 2010

Implementation Date: January 4, 2010

I. GENERAL INFORMATION

A. Background: Section 1881(b) (12) of the Act, as amended by section 623 of the Medicare Prescription Drug Improvement and Modernization Act of 2003 directed the Secretary to make a number of revisions to the composite rate payment system, as well as payment for separately billable drugs furnished by ESRD facilities.

For CY 2010 CMS did not propose any significant changes to the composite rate payment methodology, but CMS did make updates, including an increase to the base composite payment rate of 1 percent and the wage index was updated to the current wage data.

Effective January 1, 2010, section 153 of the Medicare Improvements for Patients and Providers Act of 2008 amended section 1881(b) (12) of the Act to require a 1 percent increase to the ESRD composite payment rate and require that hospital-based dialysis facilities get paid the same composite payment rate as independent renal dialysis facilities. The 1 percent increase is effective for services furnished on or after January 1, 2010. Therefore, beginning January 1, 2010, the effect of the 1 percent increase in the composite payment rate will result in a reduction in the drug add-on adjustment to 15.0 percent. Lastly, application of the revised budget neutrality factor of 1.057735 to the current wage data will reduce the wage index floor from 0.700 to 0.6500.

B. Policy: Upon implementation of this instruction, the following changes will be applied to all Medicare certified ESRD facilities:

- An update to the base composite payment rate with a 1 percent increase resulting with a base rate of \$135.15 for both hospital-based and independent renal dialysis facilities;
- An update to the drug add-on adjustment to the composite payment rate of 15.0 percent;
- An update to the wage index adjustments to reflect the current wage data; and
- A reduction in the wage index floor from 0.7000 to 0.6500.

The ESRD payment changes will be effective January 1, 2010, and will be published in the Federal Register before that date.

II. BUSINESS REQUIREMENTS TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | |
|--------|---|---|--------------------------------|--------|---------------------------------|------------------|---------------------------|-------------|-------------|-------------|-------------|
| | | A / B M A C | D M E M A C | F I | C A R R I E R | R H H I | Shared-System Maintainers | | | | OTHER |
| | | | | | | | F I S S | M C S | V M S | C W F | |
| 6679.1 | Medicare systems shall install the new ESRD Pricer software module effective January 1, 2010. | | | | | | X | | | | |
| 6679.2 | Medicare systems shall update the base composite rate by 1 percent to \$135.15 for both hospital-based and independent renal dialysis facilities. | | | | | | | | | | ESRD Pricer |
| 6679.3 | Medicare systems shall update the drug add-on for 2010 to 15.0 percent. | | | | | | | | | | ESRD Pricer |
| 6679.4 | Medicare systems shall update the wage index adjustments to reflect the current wage data. | | | | | | | | | | ESRD Pricer |
| 6679.5 | Medicare systems shall update the floor from 0.7000 to 0.6500 and apply the budget neutrality factor of 1.057735. | | | | | | | | | | ESRD Pricer |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | |
|--------|--|---|--------------------------------|--------|---------------------------------|------------------|---------------------------|-------------|-------------|-------------|-------|
| | | A / B M A C | D M E M A C | F I | C A R R I E R | R H H I | Shared-System Maintainers | | | | OTHER |
| | | | | | | | F I S S | M C S | V M S | C W F | |
| 6679.6 | <p>A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLN MattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your 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.</p> | X | | X | | | | | | | |

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

Use "Should" to denote a recommendation.

| X-Ref Requirement Number | Recommendations or other supporting information: |
|--------------------------|--|
| N/A | |

Section B: N/A

V. CONTACTS

Pre-Implementation Contact(s): For ESRD Policy, lisa.hubbard@cms.hhs.gov; for Claims Processing, Wendy Tucker (410) 786-3004/ wendy.tucker@cms.hhs.gov.

Post-Implementation Contact(s): For ESRD Policy, lisa.hubbard@cms.hhs.gov; for Claims Processing, Wendy Tucker (410) 786-3004/ wendy.tucker@cms.hhs.gov.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs) and Carriers:*

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

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

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