



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) 2021

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PROVIDER TYPES AFFECTED

This MLN Matters article is for End Stage Renal Disease (ESRD) facilities that bill Medicare Administrative Contractors (MACs) for services they provide to Medicare patients.

PROVIDER ACTION NEEDED

This article tells you of the Calendar Year (CY) 2021 rate updates and policies for the ESRD Prospective Payment System (PPS) and implements payment for renal dialysis services you furnish to Medicare patients with Acute Kidney Injury (AKI) in ESRD facilities. Make sure your billings staffs are aware of these updates.

BACKGROUND

Effective January 1, 2011, CMS implemented the ESRD PPS based on requirements in [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 the resources they use in providing an outpatient dialysis treatment. CMS adjusts the ESRD PPS base rate to reflect patient and facility characteristics that contribute to higher per-treatment costs. Section 1881(b)(14)(F) of the Act requires an annual increase to the ESRD PPS base rate by an ESRD market basket increase factor, reduced by the productivity adjustment described in [Section 1886\(b\)\(3\)\(B\)\(xi\)\(II\)](#) of the Act. That is, the ESRD bundled (ESRDB) market basket increase factor minus the productivity adjustment will update the ESRD PPS base rate.

In accordance with Section 1834(r) of the Act, as added by Section 808(b) of the Trade Preferences Extension Act of 2015 (TPEA), we pay ESRD facilities for providing renal dialysis services to Medicare beneficiaries with AKI. [CR 9598](#) implemented payment for renal dialysis services and provides detailed information regarding payment policies.

The ESRD PPS includes Consolidated Billing (CB) requirements for limited Part B services included in the ESRD facility's bundled payment. We periodically update the lists of items and services that are subject to Part B CB and are therefore no longer separately payable when you provide these services to ESRD beneficiaries by providers other than ESRD facilities.

The January 2021 ESRD PRICER didn't apply the network reduction to Intermittent Peritoneal Dialysis (IPD) revenue code 0831 and ultrafiltration revenue code 0881 in error. The revised PRICER is correcting this error.

The CY 2021 ESRD PPS Updates (Remain Unchanged)

ESRD PPS base rate:

- A wage index budget-neutrality adjustment factor of 0.999485. ($\$239.33 \times 0.999485 = \239.21).
- An addition of \$9.93 to the ESRD PPS base rate to account for calcimimetics in the ESRD PPS bundled payment amount. ($\$239.21 + \$9.93 = \$249.14$)
- A 1.6% update. ($\$249.14 \times 1.016 = \253.13).
- The CY 2021 ESRD PPS base rate is \$253.13

Wage index:

- We update the CY 2021 ESRD PPS wage index to reflect the latest available hospital wage data
- Implementation of new OMB delineations with a 5% cap transition policy
- The wage index floor is 0.5000

Labor-related share: The labor-related share is 52.3%.

Outlier Policy:

- For adult patients, the adjusted average outlier service Medicare Allowable Payment (MAP) amount per treatment is \$50.92
- For pediatric patients, the adjusted average outlier service MAP amount per treatment is \$30.88
- The fixed dollar loss amount is \$122.49 for adult patients
- The fixed dollar loss amount is \$44.78 for pediatric patients

We 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 obtained from the Medicare Prescription Drug Plan Finder
2. We update them to reflect the most recent mean unit cost.
3. We will add or remove any renal dialysis items and services that are eligible for outlier payment (See the Oral and Other Equivalent Forms of Injectable Drugs table in [Attachment A of CR 12188](#).)

The mean dispensing fee of National Drug Codes (NDCs) qualifying for outlier consideration is revised to \$0.58 per NDC, per month for claims with dates of service on or after January 1, 2021. (See the related tables in [Attachment A of CR 12188](#).)

Consolidated Billing Requirements: The [current version of the CB requirements](#) are available on the CMS website.

CY 2021 AKI Dialysis Payment Rate for Renal Dialysis Services:

- Beginning January 1, 2021, we will pay ESRD facilities \$253.13 per treatment
- The labor-related share is 52.3%
- We adjust the AKI dialysis payment rate for wages using the same wage index used under the ESRD PPS
- We don't reduce the AKI dialysis payment rate for the ESRD Quality Incentive Program (QIP)
- The TDAPA doesn't apply to AKI claims
- The TPNIES doesn't apply to AKI claims

Note that MACs won't adjust claims already processed until we give them adjustment requirements in subsequent instructions.

ADDITIONAL INFORMATION

The official instruction, CR 12188, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10671bp.pdf>.

If you have questions, your MACs may have more information. The CMS website contains this [list of MAC websites](#) so you can find yours.

DOCUMENT HISTORY

Date of Change	Description
March 17, 2021	Initial article released.

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