



## 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) 2022

MLN Matters Number: MM 12499

Related Change Request (CR) Number: 12499

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Effective Date: January 1, 2022

Related CR Transmittal Number: R11120BP

Implementation Date: January 3, 2022

### Provider Types Affected

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This MLN Matters Article is for physicians, other providers, and suppliers submitting claims to Medicare Administrative Contractors (MACs) for ESRD services to Medicare patients.

### Provider Action Needed

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In this Article, you'll learn about:

- Updates for Calendar Year (CY) 2022 to the ESRD PPS base rate, budget neutrality factor, and outlier threshold
- Updates to the AKI dialysis payment rate
- Updates for the Capital Related Assets (CRA) for Transitional Add-on Payment Adjustment for New and Innovative Equipment and Supplies (TPNIES)

Make sure your billing staff knows about these changes.

### Background

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#### Calendar Year (CY) 2022 for the ESRD PPS, AKI Dialysis Payment, and TPNIES

[Section 1881\(b\)\(14\)\(F\) of the Social Security Act](#) (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's to say the ESRD Bundled (ESRDB) market basket increase factor minus the productivity adjustment will update the ESRD PPS base rate.

ESRD PPS Base Rate:

- A wage index budget-neutrality adjustment factor of 0.99985

- A productivity-adjusted market basket increase of 1.9%
- The CY 2022 ESRD PPS base rate is \$ 257.90 ( $(\$253.13 \times 0.99985) \times 1.019 = \$257.90$ ).

#### Labor-related share:

- The labor-related share is 52.3%

#### Wage index:

- The CY 2022 ESRD PPS wage index reflects the latest available hospital wage data
- The 2-year transition to the OMB allocations continues for CY 2022
- We won't apply a cap to the reduction in the wage index for ESRD facilities for the second year of the 2-year transition, which is CY 2022
- The wage index floor is 0.5000

#### Outlier Policy:

- We made the following updates to the adjusted average outlier service Medicare Allowable Payment (MAP) amount per treatment:
  - \$42.75 for adult patients
  - \$27.15 for pediatric patients
- We made updates to the fixed dollar loss (FDL) amount that is added to the predicted MAP to determine the outlier threshold. The fixed dollar loss amount is:
  - \$75.39 for adult patients
  - \$26.02 for pediatric patients
- We made the following changes to the list of outlier services:
  - We updated prices for renal dialysis drugs that are oral equivalents to injectable drugs that are based on the most recent prices obtained from the Medicare Prescription Drug Plan Finder. The updates reflect the most recent mean unit cost. We'll add or remove any renal dialysis items and services as necessary. See [Attachment A of CR 12499](#) for a list of these drugs.
  - The mean dispensing fee of the 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, 2022.
- For CY 2022, we're not adding or removing any codes from the consolidated billing list. We are adding a clarifying footnote to HCPCS code J0604 to explain that ESRD facilities should bill using the NDC and not the J code for outlier consideration. See [Attachment B of CR 12499](#).

#### AKI Dialysis Payment Rate Updates:

- The payment rate for CY 2022 is \$257.90, which is the same as the base rate under the

## ESRD PPS for CY 2022

- The payment rate is adjusted for wages using the same wage index used under the ESRD PPS
- The labor-related share is 52.3%
- The payment rate isn't reduced for the ESRD Quality Incentive Program (QIP)
- The TDAPA and TPNIES don't apply to AKI claims

## TDAPA:

- There are no eligible TDAPA drugs

## TPNIES:

- There are no eligible TPNIES supply or equipment technologies for CY 2022

## CRA for TPNIES:

There's 1 eligible CRA for TPNIES that is a home hemodialysis machine -- the Tablo® System.

- ESRD facilities will get the CRA for TPNIES for the Tablo® System beginning January 1, 2022, through December 31, 2023
- The CRA for TPNIES for the Tablo® System will be calculated as we describe in [CR 12347](#)
- The CY 2022 average per treatment CRA for TPNIES offset amount is \$9.50
- Use HCPCS E1629 Tablo hemodialysis system for the billable dialysis service

When reporting HCPCS code E1629 for purposes of payment under the CRA for TPNIES, ESRD facilities must report hemodialysis machine with revenue code 0823 and add the modifier AX to the HCPCS. Also, report the following information in the remarks field of the claim when billing for an eligible CRA for TPNIES:

- HCPCS
- Description of item
- Billed amount to Medicare
- Invoice amount
- Wholesale amount per item
- Discount/rebate amount per item (even if bulk discount)
- CRA for TPNIES for hemodialysis equipment must be billed with revenue code 0823 and modifier AX appended to the HCPCS

MACs may consider this information for pricing and may request more information from the ESRD facility.

Your MAC will manually price HCPCS E1629 with modifier AX when billed with revenue code 0823.

## More Information

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We issued [CR 12499](#) to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

## Document History

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Date of Change	Description
November 15, 2021	Initial article released.

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