



**News Flash** - A new preventive services brochure entitled *Bone Mass Measurements*, ICN# 006437, is now available on the Centers for Medicare & Medicaid Services (CMS) Medicare Learning Network (MLN). This tri-fold brochure provides health care professionals with an overview of Medicare's coverage of bone mass measurement services. The brochure is available at [http://www.cms.hhs.gov/MLNProducts/downloads/Bone\\_Mass.pdf](http://www.cms.hhs.gov/MLNProducts/downloads/Bone_Mass.pdf) on the CMS website.

MLN Matters Number: MM5827

Related Change Request (CR) #: 5827

Related CR Release Date: December 7, 2007

Effective Date: January 1, 2008

Related CR Transmittal #: R1389CP

Implementation Date: January 7, 2008

## Implementation of Changes in End Stage Renal Disease (ESRD) Payment for Calendar Year (CY) 2008

### Provider Types Affected

Physicians, providers, and suppliers submitting claims to Medicare contractors (Fiscal Intermediaries (FIs), and/or Part A/B Medicare Administrative Contractors (A/B MACs)) for ESRD services provided to Medicare beneficiaries.

### Provider Action Needed



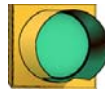
**STOP – Impact to You** - This article is based on Change Request (CR) 5827 which provides payment updates for ESRD facilities.



**CAUTION – What You Need to Know** - ESRD facilities payment changes include a growth update to the drug add-on adjustment to the composite rate and an update to the wage index adjustments to reflect current wage data, including a revised budget neutrality adjustment. CR 5827 also clarifies weight calculation instructions for double amputee dialysis patients.

#### Disclaimer

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.



**GO – What You Need to Do** - See the Background and Additional Information Sections of this article for further details regarding these updates and clarifications.

## Background

The Social Security Act (Section 1881(b)), as amended by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA, Section 623), directed revisions to the composite rate payment system as well as payment for separately billable drugs furnished by ESRD facilities.

For calendar year (CY) 2008, the Centers for Medicare & Medicaid Services (CMS) did not propose any significant changes to composite rate payment methodology.

However, with CR 5827, CMS makes the following payment changes (effective January 1, 2008) to ESRD facilities, and upon the implementation of CR 5827, these payment changes will be applied to all Medicare certified ESRD facilities:

- **Update the drug add-on adjustment to the composite rate for 2008 of 0.5 percent. As a result, the drug add-on adjustment to the composite payment rate for 2008 will increase from 14.9 percent to 15.5 percent; and**
- **Update the wage data, and implement the third year of the wage index transition using a 25/75 blended wage adjusted composite rate.**

### Wage Index Transition Example:

An ESRD facility has a wage-adjusted composite rate (without regard to any case-mix adjustments) of \$135.00 per treatment in CY 2007. Using Core Based Statistical Area (CBSA) based geographic area designations, the facility's CY 2008 wage-adjusted composite rate, reflecting its wage index value would be \$145.00. During the third year (CY 2008) of the 4-year transition period to the new CBSA based wage index values, this facility's blended rate would be calculated as follows:

$$\text{CY 2008: } (0.25 \times \$135.00) + (0.75 \times \$145.00) = \$142.50.$$

CR 5827 also clarifies weight calculation instructions for double amputee dialysis patients. Previously reported in CR 4196, the requirement for value code A8 (Weight) is that it should be calculated with pre-amputation weight. In CR 4196, the formula for pre-amputation weight was incorrectly stated as actual weight x 1.5. The correct formula for pre-amputation weight is actual weight x 1.15. Through CR 5827, the instruction for how to calculate the height and weight of

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double amputee dialysis patients is being placed into Publication 100-04, which is the Medicare Claims Processing Manual.

## Additional Information

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The official instruction, CR 5827, issued to your Medicare FI and A/B MAC regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R1389CP.pdf> on the CMS website.

If you have any questions, please contact your FI or A/B MAC at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

**News Flash** - It's seasonal flu time again! If you have Medicare patients who haven't yet received their flu shot, you can help them reduce their risk of contracting the seasonal flu and potential complications by recommending an annual influenza and a one-time pneumococcal vaccination. Medicare provides coverage for flu and pneumococcal vaccines and their administration. – And don't forget to immunize yourself and your staff. Protect yourself, your patients, and your family and friends. Get Your Flu Shot – Not the Flu! Remember - Influenza vaccination is a covered Part B benefit but the influenza vaccine is NOT a Part D covered drug. Health care professionals and their staff can learn more about Medicare's coverage of adult immunizations and related provider education resources, by reviewing Special Edition MLN Matters article SE0748 at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0748.pdf> on the CMS website.

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