

# Program Memorandum Intermediaries/Carriers

Department of Health and  
Human Services (DHHS)  
HEALTH CARE FINANCING  
ADMINISTRATION (HCFA)

Transmittal AB-00-76

Date: AUGUST 16, 2000

## CHANGE REQUEST 1243

### **SUBJECT: Modification of Medicare Policy for Erythropoietin (EPO)**

Effective September 15, 2000, do not subject claims for EPO furnished under §1881(b) of the Social Security Act (EPO furnished to End Stage Renal Disease patients on dialysis) to routine pre-payment review. In order to do this, override the edit contained in the intermediary standard systems (Fiscal Intermediary Standard System formerly known as the Florida Shared System) and the Arkansas Part A Standard System. Claims for billing periods beginning on or after March 10, 1998, that were denied based on hematocrit levels may be resubmitted once the edit is disabled.

When indicated, conduct post-payment review of EPO by looking at a 90-day rolling average of hematocrit levels. Because of the natural variability in hematocrit levels and because we are encouraging practitioners to maintain a hematocrit level within the range of 33 to 36 percent as recommended by the Dialysis Outcomes Quality Initiative, use a threshold hematocrit value of 37.5 percent in targeting aberrant cases. Identify practitioners with an atypical number of patients with hematocrit levels above a 90-day rolling average of 37.5 percent for routine medical review activities, such as educational efforts or pre-payment reviews.

HCFA is developing a national policy for Medicare exceptions justifying a target hematocrit greater than 33 to 36 percent. In the interim, upon post-payment review if the treating physician argues it is medically necessary to have a target hematocrit that is greater than 36 percent, then the medical justification must be fully documented and satisfy the judgement of the carrier.

These instructions apply only to EPO furnished under the §1881(b) benefit. There is no national policy related to EPO furnished incident to a physician service. Therefore, you have discretion to develop local policies as appropriate for this service.

**Contact Person: Coverage Policy - Svati Patel (410) 786-2875, Program Integrity - Debbie Skinner (410) 786-7480**

**These instructions should be implemented within your current operating budget.**

**The *effective date* for this Program Memorandum (PM) is March 10, 1998.**

**The *implementation date* for this PM is September 15, 2000.**

**This PM may be discarded September 15, 2001.**