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# Program Memorandum Intermediaries/Carriers

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

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## CHANGE REQUEST 1275

**SUBJECT: Clarification of Fiscal Intermediary (FI) and Durable Medical Equipment Regional Carrier (DMERC) Responsibilities Concerning Home Dialysis Method Election and Claims Processing**

When a beneficiary with End Stage Renal Disease (ESRD) begins a course of home dialysis, he or she fills out Form HCFA-382, "ESRD Beneficiary Selection", to choose whether he or she wants to use Method I or Method II to obtain home dialysis equipment and supplies. Method I dialysis beneficiaries receive their dialysis equipment and supplies directly from a dialysis facility. Claims for Method I dialysis are processed by the FIs. Method II dialysis beneficiaries choose to deal directly with a home dialysis supplier. Claims for Method II dialysis are processed by the DMERCs. This Program Memorandum (PM) clarifies FI and DMERC responsibilities surrounding home dialysis method election and claims processing.

### Proper Completion of Section D of Form HCFA-2728-U3

Under most circumstances, Medicare entitlement for individuals with ESRD undergoing dialysis treatment begins the third month after the month in which a regular course of dialysis begins. This 3-month waiting period is waived, however, if a beneficiary begins a self-dialysis training program in a Medicare approved training facility and is expected to self-dialyze after completion of the training. Form HCFA-2728-U3, "End Stage Renal Disease Medical Evidence Report Medicare Entitlement And/Or Patient Registration", is completed by the patient's physician and sent to the Social Security Administration (SSA), which establishes the beneficiary's entitlement record. Section D, "Complete for All ESRD Self-Dialysis Training Patients (Medicare Applicants Only)", must be completed in order for the SSA to know that the waiting period should be waived. Encourage dialysis facilities to be certain this section is completed for those Medicare beneficiaries participating in self-dialysis training programs to ensure the proper and timely establishment of entitlement.

### Initial Selection

If an ESRD beneficiary chooses to participate in a self-dialysis training course and his or her physician certifies that it is reasonable to expect the individual to complete the training program and self-dialyze on a regular basis, the beneficiary must fill out Form HCFA-382 to choose either Method I or Method II dialysis. Dialysis facilities are responsible for obtaining the completed form from the beneficiary and sending it to the appropriate FI. When an FI receives the correctly completed HCFA-382, it must enter the beneficiary's choice in the Common Working File (CWF).

### Changes in Method Selection

If a beneficiary decides to change his or her method selection, he or she must fill out a new Form HCFA-382 indicating the change. The beneficiary may fill out a new method election form at any time, but the change will not be effective until January 1 of the following calendar year in most circumstances. (See MIM §3644.4 and MCM §4271.) As with initial choices of method selection, the dialysis facility must submit the new form to the appropriate FI, which in turn must enter the change into CWF with the correct effective date.

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## **Exceptions to the January 1 Effective Date for Changes in Method Selection**

There are situations in which a beneficiary may be allowed to make a change in method selection on a date other than January 1<sup>st</sup>. Some examples would include:

- Failure of a kidney transplant within the past 6 months
- Patient is confined to a nursing home or hospice
- Home patient enters a facility as an infacility patient and then elects to go on home dialysis again after at least 6 full months in the center
- Patient changes place of residence and his or her new facility does not recognize their present method of payment, and another facility is not available
- Patient is in a life-threatening situation

To request an exception to the January 1 implementation date, a beneficiary or his or her authorized representative must submit a written request to their appropriate FI. The FI has discretion on whether or not to grant an exception.

## **FI Responsibility to Enter Method Selection in a Timely Manner**

Proper payment of home dialysis claims depends upon the proper establishment of a beneficiary's method selection choice in CWF. FIs are responsible for entering method selection information into CWF, regardless of whether the beneficiary chooses Method I or Method II. HCFA-382 forms for initial method selection must be entered by the FI within 30 days of receipt. If a provider enters HCFA-382 information electronically, the FI is similarly responsible to ensure that it is processed to completion. If the beneficiary's entitlement record is not yet entered in the enrollment database, FIs must follow up every 30 days until entitlement is established and the initial method selection has been correctly entered.

Changes in method selection are not effective until January 1 of the year after a beneficiary filled out a new Form HCFA-382, unless the beneficiary requests and the FI decides to grant an exception. For example, if a beneficiary filled out a new method election form, changing from Method II to Method I on October 12<sup>th</sup>, 2000, the change in method selection would not be effective until January 1, 2001. In this example, the DMERCs would continue to process claims for October, November, and December 2000, even though Form HCFA-382 was dated in October. Because CWF only maintains three iterations of method selection, changes in method selection for the coming year must be entered between December 1<sup>st</sup> and December 31<sup>st</sup> of the year before the change becomes effective. All changes must be entered by December 31<sup>st</sup> to assure proper claims processing for the new calendar year, except in cases where Form HCFA-382 was not filed on time (see below). In instances where a beneficiary requests, and an FI decides to grant, an exception to the January 1 effective date, changes in method selection must be entered within thirty days of receipt.

## **Late-Filed Changes in Method Selection**

If a beneficiary decides to change method selection late in the year, the FI may not receive the new form noting the change until after December 31<sup>st</sup>. In these situations, if the FI determines that the beneficiary or his or her authorized representative signed and completed the form prior to December 31<sup>st</sup>, the FI must enter the method election choice within one week of receipt. If the beneficiary did not fill out Form HCFA-382 form until after December 31<sup>st</sup>, the change in method selection will not be effective until the following January, unless the beneficiary requests and the FI grants an exception. FIs should encourage renal facilities to submit method selection changes that are filed late in the year as quickly as possible.

## **DMERCs**

Because changes of method selection are not generally effective until January 1<sup>st</sup> after a beneficiary fills out a new Form HCFA-382, there are rarely situations in which claims for home dialysis supplies for a beneficiary which are furnished within the same calendar year are sometimes paid and sometimes denied based solely on method selection. The only situation in which this will occur is when a beneficiary files the change late in the year, and the FI did not receive the change until after January 1<sup>st</sup>, or if a beneficiary requests and the FI grants an exception. Furthermore, DMERCs must query CWF to verify a beneficiary's choice of method selection, since a DMERC's internal history may not reflect the most current method selection choice. DMERC systems need to be changed in order to read the effective date of a method selection choice.

**The *effective date* for this PM is October 18, 2000 for FIs. For DMERCs, the *effective date* for this Program Memorandum (PM) is April 1, 2001.**

**The *implementation date* for this PM is October 18, 2000 for FIs. For DMERCs, the *implementation date* for this PM is April 1, 2001.**

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

**This PM may be discarded after April 1, 2002.**

**For questions regarding DMERC procedures, contact Renée Hildt at (410) 786-1446.**

**For questions regarding FI procedures, contact Doris Barham at (410) 786-6146.**