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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 257

Date: JULY 30, 2004

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### CHANGE REQUEST 3332

**I. SUMMARY OF CHANGES:** This instruction informs FISS to carry at least two payment limits for ESRD-related HCPCS drug codes billed by differing types of facilities beginning with dates of service on or after January 1, 2005.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2005**

**\*IMPLEMENTATION DATE: January 3, 2005**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual not updated.)**  
**(R = REVISED, N = NEW, D = DELETED)**

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	8/Table of Contents
N	8/60.8/ Shared Systems Changes for Medicare Part B Drugs for ESRD Independent Dialysis Facilities

**\*III. FUNDING:**

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

**IV. ATTACHMENTS:**

	<b>Business Requirements</b>
X	<b>Manual Instruction</b>
	<b>Confidential Requirements</b>
X	<b>One-Time Notification</b>
	<b>Recurring Update Notification</b>

**\*Medicare contractors only**

# Attachment - One-Time Notification

Pub. 100-04	Transmittal: 257	Date: July 30, 2004	Change Request 3332
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**SUBJECT: Shared Systems Changes for Medicare Part B Drugs for ESRD Independent Dialysis Facilities**

## I. GENERAL INFORMATION

### A. Background:

The Medicare Modernization Act of 2003 requires that specific payment limits be applied to drugs for different purposes for all drugs not paid based on a cost or prospective payment system (PPS). This notification instructs FISS to accommodate two different payment limits for the ESRD-related HCPCS drug codes for a single time period effective with dates of service on or after January 1, 2005.

### B. Policy:

Section 303 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) provides that the payment limits for ESRD-related drugs billed by differing types of facilities vary depending on the site of service. For calendar year 2005, the payment limits for Medicare Part B drugs will be updated on a quarterly basis. Therefore, Medicare shared systems (FISS) must be able to accommodate at least two payment limits for HCPCS drug codes per calendar quarter effective for dates of service on or after January 1, 2005.

**C. Provider Education:** A provider education article related to this instruction will be available at <http://www.cms.hhs.gov/medlearn/matters> shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
3332.1	FISS shall restructure its Medicare Part B drugs pricing files to be able to carry at least two different payment limits for each HCPCS drug code per calendar quarter.	FISS

3332.2	FISS and FIs shall load all MMA drug pricing files and accommodate a minimum of two payment limits per calendar quarter per HCPCS code, beginning with dates of service on or after January 1, 2005.	FISS, FIs
3332.3	FIs shall select the appropriate payment limits for the HCPCS drug codes. The payment limit loaded for separately billable ESRD drugs shall be used to determine payment for type of bill (TOB) 72x paying based on the ESRD price only to independent dialysis facilities with provider number in the range 2500-2899 (non-hospital renal facilities) and 2900-2999 (independent special purpose renal dialysis facilities).	FIs
3332.4	FIs shall select the appropriate payment limits for the HCPCS drug codes paying based on the non-ESRD price to all TOBs not paid on a cost or PPS except 72x from independent dialysis facilities.	FIs

### III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

#### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

#### C. Interfaces: N/A

#### D. Contractor Financial Reporting /Workload Impact: N/A

#### E. Dependencies: N/A

#### F. Testing Considerations: N/A

#### IV. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date:</b> January 1, 2005</p> <p><b>Implementation Date:</b> January 3, 2005</p> <p><b>Pre-Implementation Contact(s):</b> Marjorie Baldo (<a href="mailto:marjorie.baldo@cms.hhs.gov">marjorie.baldo@cms.hhs.gov</a>) at 410-786-4617</p> <p><b>Post-Implementation Contact(s):</b> Appropriate Regional Office</p>	<p><b>These instructions shall be implemented within your current operating budget.</b></p>
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# Medicare Claims Processing Manual

## Chapter 8 - Outpatient ESRD Hospital, Independent Facility, and Physician/Supplier Claims

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Table of Contents  
*(Rev. 257, 07-30-04)*

*60.8 - Shared Systems Changes for Medicare Part B Drugs for ESRD Independent  
Dialysis Facilities*

## ***60.8 - Shared Systems Changes for Medicare Part B Drugs for ESRD Independent Dialysis Facilities***

***(Rev. 257, Issued 07-30-04, Effective: 01-01-05, Implementation: 01-03-05)***

*Section 303 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) provides that the payment limits for ESRD-related drugs billed by differing types of facilities vary depending on the site of service. For calendar year 2005, the payment limits for Medicare Part B drugs will be updated on a quarterly basis. Therefore, Medicare Shared Systems (FISS) must be able to accommodate at least two payment limits for HCPCS drug codes per quarter effective for dates of service on or after January 1, 2005.*

*Fiscal intermediaries (FIs) shall use the 95 percent of the Average Wholesale Price (AWP) payment amount provided solely to pay independent dialysis facilities with type of bill (TOB) 72X for separately billable drugs furnished to ESRD beneficiaries. Specifically, the ESRD drug payment limit shall be used to determine payment for TOB 72X, but only for independent dialysis facilities with provider number in the range 2500-2899 (non-hospital renal facilities) and 2900-2999 (independent special purpose renal dialysis facilities).*