
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 101

Date: FEBRUARY 20, 2004

CHANGE REQUEST 3119

I. SUMMARY OF CHANGES: Due to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, we are restoring composite rate exceptions **only** for pediatric facilities under the end stage renal disease (ESRD) Composite Rate System, and revising the definition of a pediatric facility. A pediatric facility is now defined, as an ESRD facility with at least 50 percent of whose patients are individuals under 18 years of age.

NEW/REVISED MATERIAL - EFFECTIVE DATE: March 1, 2004

***IMPLEMENTATION DATE: April 1, 2004**

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.

II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	8/40/Processing Requests for Composite Rate Exception

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

X	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

***Medicare contractors only**

Attachment - Business Requirements

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SUBJECT: Restoring Composite Rate Exceptions for Pediatric Facilities Under the End Stage Renal Disease (ESRD) Composite Rate System

I. GENERAL INFORMATION

A. Background: In accordance with §623 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), §422(a)(2) of the Benefits Improvement and Protection Act of 2000 is revised to: (a) provide that pediatric exception rates in effect on October 1, 2002, will continue in effect so long as the exception rate exceeds the facility's updated composite payment rate; and (b) restore the exceptions process for pediatric facilities. In addition, this revision defines a pediatric ESRD facility and provides each facility that does not have a current pediatric exception rate the opportunity to submit a pediatric exception request.

B. Policy: Section 623(b)(1)(D) of MMA provides for the submission of new pediatric facility exception requests in the case of a pediatric facility that **did not** have an approved exception rate as of October 1, 2002. The statute defines the term "pediatric facility" to mean a renal facility with at least 50 percent of whose patients are individuals under 18 years of age. If a pediatric ESRD facility projects on the basis of prior years cost and utilization trends that it will have an allowable cost per treatment higher than its prospective rate, the facility may request CMS approve an exception to that rate and set a higher prospective payment rate. CMS will adjudicate these exception requests in accordance with the exception criteria contained in 42 CFR 413.180 and Provider Reimbursement Manual (PRM), Part I, Chapter 27. However, if the facility fails to adequately justify its pediatric exception request in accordance with regulations or program instructions, its exception request will be denied.

C. Provider Education: A provider education article related to this instruction will be available at 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 (on or before March 1, 2004). Contractors shall post this article to their Web site, and include it in a listserv message if applicable, 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
3119.1	Fiscal intermediaries shall notify ESRD providers on or before March 1, 2004, of the restoration of the exceptions process for pediatric facilities.	Fiscal Intermediaries
3119.2	Fiscal intermediaries shall verify that a pediatric facility applying for an exception meets the revised definition of a pediatric facility: a renal facility with at least 50 percent of whose patients are individuals under 18 years of age.	Fiscal Intermediaries Providers
3119.3	Pediatric facilities shall have 180 days from April 1, 2004 to September 27, 2004, to submit a valid exception request to its fiscal intermediary.	Providers Fiscal Intermediaries
3119.4	Pediatric composite rate exception requests received by fiscal intermediaries after their close of business on September 27, 2004, shall be considered untimely and must be denied.	Providers Fiscal Intermediaries
3119.5	Fiscal intermediaries shall not accept exception applications from any pediatric facility with a current exception rate.	Providers Fiscal Intermediaries
3119.6	Delivery of pediatric exception requests to fiscal intermediaries must be accomplished through a method which documents the date of receipt. A postmark or other similar date does not serve as documentation of the date of receipt.	Providers Fiscal Intermediaries
3119.7	Neither CMS nor fiscal intermediaries shall extend the September 27, 2004 filing deadline.	Providers Fiscal Intermediaries
3119.8	Fiscal intermediaries are reminded to be aware of their responsibilities with respect to processing and controlling ESRD exception requests as outlined in §2723 of PRM, Part I.	Fiscal Intermediaries

III. SUPPORTING INFORMATION AND 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>Effective Date: March 1, 2004</p> <p>Implementation Date: April 1, 2004</p> <p>Pre-Implementation Contact(s): Michael Powell 410-786-4557</p> <p>Post-Implementation Contact(s): Michael Powell 410-786-4557</p>	<p>These instructions shall be implemented within your current operating budget.</p>
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40 - Processing Requests for Composite Rate Exception

(Rev. 101, 02-20-04)

PRM-1-2720

A hospital-based or independent renal dialysis facility may request CMS to approve an exception to the composite payment rate and set a higher payment rate, if the facility has an estimated allowable cost per treatment higher than its composite rate, and if the higher costs relate to the exception criteria *referenced* below. The costs in excess of the composite rate must be attributable to items and services provided to Medicare patients for maintenance dialysis, whether furnished at home or in a hospital-based or independent facility. All of the facility's costs with respect to all modes of outpatient maintenance dialysis (exclusive of self-dialysis training costs), for both in-facility and home dialysis patients are considered in an exception request for any mode of dialysis. For example, if the facility's peritoneal dialysis cost per treatment exceeds its composite rate payment, no exception is granted if the facility's total maintenance dialysis revenues exceed its total maintenance dialysis costs. In considering exception requests for self-dialysis training, only the costs relating to self-dialysis training are considered.

*Section 623(b)(1)(D) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Pub. L. 108-173 provides **only** for the submission of new pediatric facility exception requests in the case of a pediatric facility that **did not** have an approved exception rate as of October 1, 2002. The statute defines the term "pediatric facility" to mean a renal facility with at least 50 percent of whose patients are individuals under 18 years of age.*

An exception request is deemed approved unless CMS disapproves a composite rate exception request within 60 working days after it is filed with the intermediary. To meet the 60 working days deadline required by law, the first day for counting is the date that the exception request is filed with all required documentation with the intermediary. Facilities are advised to send their requests by a method which documents the date of receipt during the intermediary's regular business hours.

*Delivery of pediatric exception requests to intermediaries **must** be accomplished through a method which documents the date of receipt. A postmark or other similar date does not serve as documentation of the date of receipt.*

Criteria for processing composite rate exception requests are in Provider Reimbursement Manual Part I, §§2720.1 - 2726.2.