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# Program Memorandum Carriers

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

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## CHANGE REQUEST 2044

**SUBJECT: Common Working File (CWF) Changes for Emergency Home Dialysis Supplies For Method II Beneficiaries**

### Scope:

This Program Memorandum (PM) instructs CWF to make systems changes to allow Durable Medical Equipment Regional Carriers (DMERCs) to make payment for emergency reserve supplies for Method II home dialysis patients.

### Background:

Medicare pays for dialysis equipment and supplies for qualified beneficiaries with end stage renal disease (ESRD) who choose to perform self-dialysis in the home. Method I ESRD beneficiaries choose to receive their home dialysis equipment and supplies from a Medicare certified dialysis facility, which bills the appropriate fiscal intermediary. Method II ESRD beneficiaries choose to receive all of their home dialysis supplies and equipment directly from a home dialysis supplier. Method II suppliers must accept assignment on all home dialysis claims, must be the sole supplier of home dialysis supplies and equipment for the beneficiary, and must bill the DMERC servicing the beneficiary's home state.

The DMERCs pay for Method II dialysis based on a monthly capitation rate. Under normal circumstances, Method II suppliers may only receive payment up to the monthly cap. However, Medicare does allow an exception to this rule. Method II ESRD beneficiaries may keep one month's worth of home dialysis supplies on hand for emergency situations, and the DMERC may make payment for the emergency supplies over and above the normal monthly cap for home dialysis payments. The Method II suppliers identify the emergency supplies on their claims using modifier "EM", which stands for "emergency reserve supply (for ESRD benefit only)."

Prior to January 1, 2002, Method II suppliers billed for the emergency supplies using "kit codes", which bundled various home dialysis supplies into a single code. However, effective January 1, 2002, CMS discontinued use of the "kit codes." Now that the "kit codes" are no longer available, suppliers must individually bill for every supply item that they used to include in the kits.

Current CWF edits only allow for one line item to have the "EM" modifier. However, due to the elimination of the "kit codes," DMERCs now need the ability to process multiple line items with an "EM" modifier. Until CWF can correct this problem, the DMERCs have been forced to suspend claims that they would otherwise process.

### Policy:

Medicare pays for one month's emergency reserve supply for Method II home dialysis patients, once in a patient's lifetime for each dialysis modality the patient receives. CWF and the DMERC standard and local systems (if applicable) must make any systems changes necessary to pay for these emergency reserve supplies correctly and in a timely fashion.

To facilitate this change in policy, CMS is requiring that Method II suppliers bill all emergency reserve items within the same month of a calendar year, with the "EM" modifier on each affected line item.

**CMS-Pub. 60B**

**Implementation:**

1) The following requirements apply to the following Healthcare Common Procedure Coding System (HCPCS) codes:

A4651 A4652 A4656 A4657 A4660 A4663 A 4670 A4680 A4690 A4706 A4707 A4708  
 A4709 A4712 A4714 A4719 A4720 A4721 A4722 A4723 A4724 A4725 A4726 A4730  
 A4736 A4737 A4740 A4750 A4755 A4760 A4765 A4766 A4770 A4771 A4772 A4773  
 A4774 A4801 A4802 A4860 A4870 A4890 A4911 A4913 A4918 A4927 A4928 A4929

2) Medicare pays for one month's worth of emergency backup supplies once in a patient's lifetime. Suppliers identify emergency supplies with the "EM" modifier. Therefore, CWF must allow unlimited home dialysis supply codes with the "EM" modifier in that same calendar month.

3) CWF must allow the processing of these codes with the "EM" modifier in addition to processing the same codes for the regular month's supply.

4) Suppliers must bill all emergency dialysis supplies with dates of service falling within a single calendar month.

5) After Medicare has paid once for emergency home dialysis supplies for a beneficiary, CWF must reject any future claims in subsequent months for home dialysis codes with the "EM" modifier.

**Exception:** If a patient changes dialysis modality, Medicare will pay for one month's worth of emergency dialysis supplies for each dialysis modality. Therefore, CWF must allow the DMERCs to override the "once in a lifetime" reject in cases where the dialysis modality has changed.

6) CWF must make necessary systems changes to allow one or more claim lines for Method II patients with the "EM" modifier to pay within the same month.

7) DMERC local and standard systems must make any changes necessary to support this policy.

8) DMERCs must ensure that total payments for emergency supplies for each modality do not exceed the monthly cap for home dialysis supplies and equipment.

9) CMS will not be able to implement the systems changes necessary to support this policy until October 1, 2002. Therefore, the DMERCs must suspend any claims for emergency dialysis supplies with dates of service on or after January 1, 2002, that utilize the new individual HCPCS codes established January 1, 2002. Suspend these claims until October 1, 2002. Do not retroactively adjust any claims you have already adjudicated to completion.

10) Because CMS is requiring the DMERCs to hold any applicable claims mentioned in 9 above, through no fault of their own, the DMERCs will be paying these claims outside of the established payment floor and ceiling timeframes. This means that the affected clean claims for emergency dialysis supplies will accrue interest. CMS will not fault the DMERCs for paying these claims outside of the timely payment limitations in any way, including on contractor performance reviews.

**Provider Education:**

DMERCs must publish this information on their websites and in their next regularly scheduled bulletins, paying particular attention to the requirement that the suppliers must bill all emergency reserve supplies within the same calendar month of a single calendar year.

Because some suppliers may provide emergency home dialysis supplies to beneficiaries before CWF makes systems changes, DMERCs must request that the home dialysis supplier community not submit their claims until (date of systems change). Issue this request on your websites, using existing applicable listservs, and in your next regularly scheduled bulletins.

**The *effective date* for this PM is January 1, 2002.**

**The *implementation date* for this PM is October 1, 2002.**

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

**This PM may be discarded after September 30, 2003.**

**If you have any questions, contact Renée Hildt at (410) 786-1446 or [rhildt@cms.hhs.gov](mailto:rhildt@cms.hhs.gov).**