



ESRD & Acute Kidney Injury Dialysis: CY 2023 Updates

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Implementation Date: January 3, 2023

Related CR Title: Implementation of Changes in the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS) and Payment for Dialysis Furnished for Acute Kidney Injury (AKI) in ESRD Facilities for Calendar Year (CY) 2023

What's Changed: We revised this Article to add J0889 to the consolidated billing list. You'll find substantive content updates in dark red (page 3).

Provider Types Affected

This MLN Matters Article is for providers submitting claims to Medicare Administrative Contractors (MACs) for ESRD and Acute Kidney Injury (AKI) services they provide to Medicare patients in CY 2023.

Provider Action Needed

Make sure your billing staff knows about these changes:

- CY 2023 rate updates and policies for the ESRD Prospective Payment System (PPS)
- Updates to payment for renal dialysis services provided to patients with AKI in ESRD facilities

Background

The ESRD PPS includes Consolidated Billing (CB) requirements for limited Medicare Part B services included in the ESRD facility's bundled payment. CMS periodically updates the lists of items and services that are subject to Part B consolidated billing and are no longer separately payable when provided to ESRD patients by providers other than ESRD facilities.

Transitional Drug Add-on Payment Adjustment (TDAPA)

Under the ESRD PPS drug designation process, the TDAPA is available for new renal dialysis drugs and biological products that qualify under [42 CFR 413.234](#).

Transitional Add-on Payment Adjustment for New and Innovative Equipment and Supplies (TPNIES)

Beginning January 1, 2020, the ESRD PPS provides the TPNIES for new and innovative renal dialysis equipment and supplies that qualify under [42 CFR 413.236](#). We base the TPNIES payment on 65% MAC price. We pay the TPNIES for 2 calendar years, beginning on January 1 and ending on December 31. While the TPNIES applies to a new and innovative equipment or supply, the equipment or supply isn't considered an outlier service.

Capital Related Assets Adjustment (CRA) for the TPNIES

Beginning January 1, 2021, we expanded the TPNIES policy to include certain CRAs that are home dialysis machines when used in the home for a single patient. The CRA for TPNIES is based on 65% of the MAC-determined price. The MACs establish prices for new and innovative renal dialysis equipment and supplies, including certain CRAs that are home dialysis machines, that meet the TPNIES eligibility criteria using verifiable information from the following sources, if available:

- The invoice amount, facility charges for the item, discounts, allowances, and rebates
- The price established for the item by other MACs and the sources of information used to establish that price
- Payment amounts determined by other payers and the information used to establish those payment amounts
- Charges and payment amounts required for other equipment and supplies that may be comparable or otherwise relevant

Following payment of the CRA for TPNIES, the ESRD PPS base rate won't be modified, and the new CRA that's a home dialysis machine won't qualify as an eligible outlier service as provided in [42 CFR 413.237](#).

CY 2023 ESRD PPS and AKI Dialysis Payment Updates

Section 1881(b)(14)(F) of the [Social Security Act](#) (the Act) requires an annual increase to the ESRD PPS base rate by an ESRD market basket increase factor, reduced by the productivity adjustment described in Section 1886(b)(3)(B)(xi)(II) of [the Act](#). In other words, the ESRD bundled (ESRDB) market basket increase factor minus the productivity adjustment will update the ESRD PPS base rate.

ESRD PPS Base Rate

- A wage index budget-neutrality adjustment factor of 0.999730
- A productivity-adjusted market basket increase of 3.0%
- The CY 2023 ESRD PPS base rate is \$265.57 ($(\$257.90 \times 0.999730) \times 1.030 = \265.57)

Labor-related share

The labor-related share is 55.2%.

We update the CY 2023 ESRD PPS wage index to show the latest available hospital wage data. We apply a cap to the reduction in the wage index for ESRD facilities. The wage index floor is 0.6000.

Effective CY 2023, we apply a permanent 5% cap to any decrease to an ESRD facility's CY 2023 final wage index from its final wage index in the prior year.

Outlier Policy

We made the following updates to the adjusted average outlier service Medicare Allowable Payment (MAP) amount per treatment:

- \$39.62 for adult patients
- \$25.59 for pediatric patients

We made the following updates to the fixed dollar loss (FDL) amount that's added to the predicted MAP to determine the outlier threshold:

- \$73.19 for adult patients
- \$23.29 for pediatric patients

We made the following changes to the list of outlier services:

- Renal dialysis drugs that are oral equivalents to injectable drugs are based on the most recent prices obtained from the Medicare Prescription Drug Plan Finder, updated to show the most recent mean unit cost. Also, we'll add or remove any renal dialysis items and services as necessary. See [Attachment A of CR 12978](#).
- The mean dispensing fee of the National Drug Codes (NDCs) qualifying for outlier consideration is revised to \$0.51 per NDC per month for claims with dates of service on or after January 1, 2023. See Attachment A of CR 12978.

Consolidated Billing Requirements

For the CY 2023 consolidated billing list, we added J1444 to anemia management effective July 1, 2019, J0879 to composite rate drugs and biologicals effective April 1, 2022, and J0899 to access management effective January 1, 2023. See [Attachment B of CR 12978](#).

AKI Dialysis Payment Rate Updates

- The AKI dialysis payment rate for CY 2023 is \$265.57, which is the same as the base rate under the ESRD PPS for CY 2023
- The labor-related share is 55.2%
- The AKI dialysis payment rate is adjusted for wages using the same wage index that's used under the ESRD PPS
- The AKI dialysis payment rate isn't reduced for the ESRD Quality Incentive Program (QIP)
- The TDAPA and TPNIES don't apply to AKI claims

TDAPA Updates

There's 1 eligible TDAPA drug continuing for CY 2023 - difelikefalin.

- We pay ESRD facilities the TDAPA for difelikefalin starting April 1, 2022, through March 31, 2024
- The TDAPA for difelikefalin will be calculated as described in [CR 12583](#)

Use HCPCS code J0879 (Injection, difelikefalin, 0.1 microgram, (for ESRD on dialysis)). You should report the AX modifier (item furnished in conjunction with dialysis services) with the HCPCS code for this drug to get payment for the drug using the TDAPA. While this drug is eligible for the TDAPA, it doesn't qualify toward outlier calculation. We note that difelikefalin is the only drug that qualifies for payment using the TDAPA, and ESRD facilities shouldn't use the AX modifier for any other drug until we notify you of a change. Use the JW modifier on the 72x claim to report the amount of difelikefalin that's discarded and eligible for payment under the ESRD PPS. Report the AX modifier in the first modifier position and the JW modifier in the second modifier position.

TPNIES

There are no eligible TPNIES technologies for CY 2023.

CRA for TPNIES

There's 1 eligible CRA for TPNIES continuing for CY 2023 that's a home dialysis machine for hemodialysis - the Tablo® System.

- We pay ESRD facilities the CRA for TPNIES for the Tablo® System starting January 1, 2022, through December 31, 2023
- We calculate the CRA for TPNIES for the Tablo® System we show in [CR 12347](#)
- The CY 2023 average per treatment CRA for TPNIES offset amount is \$9.79

Use HCPCS code E1629 (Tablo hemodialysis system for the billable dialysis services). When reporting HCPCS code E1629 for purposes of payment under the CRA for TPNIES, you must

report hemodialysis machine with revenue code 0823 and add the modifier AX to the HCPCS.

Also, report the following information in the remarks field of the claim when billing for a CRA for TPNIES eligible equipment:

- HCPCS
- Description of item
- Billed amount to Medicare
- Invoice amount
- Wholesale amount per item
- Discount or rebate amount per item (even if bulk discount)

MACs may consider this information for pricing and may request more information from you.

More Information

We issued [CR 12978](#) to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
December 27, 2022	We revised this Article to add J0889 to the consolidated billing list. You'll find substantive content updates in dark red (page 3).
November 10, 2022	Initial article released.

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