



# Employees Group Insurance Division

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*Office of Management and  
Enterprise Services*

**Dialysis Facility Reimbursement**

**September 19, 2012**

# Current EGID Reimbursement



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- Dialysis providers are currently reimbursed under the outpatient portion of EGID's facility contract.
  - Network providers receive the higher rural reimbursement rate while non-network providers receive the lower urban reimbursement rate.
- Most payments are made based on a fee schedule for each dialysis visit (by CPT/HCPCS code).
- Drugs and laboratory tests are reimbursed separately by CPT/HCPCS code.
- Codes for which no fee has been established are reimbursed a percentage of billed charges.
  - The highest utilized code, 90999 Unlisted Dialysis Procedure, is currently reimbursed at a percentage of billed charges.

# Objective of the Analysis



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- **Primary Objective:** Determine whether EGID's reimbursement for dialysis is in line with common industry practices.
- **Analytical Steps:**
  - Obtain external consulting services to assist in data analysis and identify options for reimbursement approaches that are consistent with industry practices.
  - Review EGID's current dialysis reimbursement levels and historical cost trends.
    - Per EGID's data analytics, the average per unit charge for 90999 has substantially increased since 2009.
  - Compare current reimbursement levels to:
    - Billed charges
    - Medicare rates
    - Commercial payer ranges

# Objective of the Analysis



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- EGID developed proposed rates based on data analysis and consultant recommendations.
- EGID established a provider task force to obtain feedback on the analysis and recommendations.
  - Task force members were identified by reviewing utilization.

# Proposed Rates



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- **EGID proposes to accept only CPT 90999 for billing of dialysis treatments and CPT codes 90935, 90945, and 90947 should be non-covered .**
  - *Considerations: Medicare requires that 90999 be used exclusively to bill for dialysis treatment.*
  - *A common industry practice is to use 90999 for the facility dialysis treatment and 90935, 90945, and 90947 for physician evaluation services.*
- **EGID proposes a fee allowable for 90999 of 225% of the current Medicare bundled rate for Network Providers. Based on the 2012 Medicare rate of \$234.52, the 2012 network rate would be \$527.67.**
  - *Considerations: EGID has not established a fee for 90999. Medicare's 2012 bundled payment is equal to \$234.52 and includes the visit code as well as drugs, lab tests and other services. EGID's rate should apply only to the dialysis visit while drugs and lab tests should continue to be reimbursed separately. This rate would also fall within the typical commercial level payment range per visit.*

# Proposed Rates



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- **EGID proposes that CPT codes 90989 and 90993 (dialysis training codes) will be non-covered.**
  - *Considerations: Medicare bundles these codes and then includes a training add-on in its bundled rate. There is virtually no utilization of these two codes.*
- **EGID proposes to continue to reimburse CPT 90940 (hemodialysis access flow study) at the current percent of charges.**
  - *Considerations: Medicare does not reimburse separately for this code, however, it is acceptable to have it billed separately.*
- **EGID proposes a fee allowable for A4657 (syringe with or without needle) of \$2.50. EGID believes this better reflects the actual cost of the supply kit. EGID's current average allowable is \$37.30.**
  - *Considerations: A fee of \$2.50 is within closer range of actual cost for this supply kit although it is well above the Medicare level. Medicare reimburses separately for this code and caps payment at \$.50.*

# Proposed Rates



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- **EGID proposes to continue to reimburse for drugs separately according to EGID's fee schedule.**
  - The rates recommended for consideration by EGID for all injectable drugs, including dialysis drugs, are
    - Network dialysis facilities: 155% of ASP for 2013 and 130% of ASP for 2014.
    - Non-network dialysis facilities: 135% of ASP for 2013 and 120% of ASP for 2014.
  - **Considerations:** *Although most drugs, including the most commonly used dialysis drug (epoetin alfa) are included in the Medicare bundled rate, a number of commercial payers continue to reimburse separately for the cost of drugs.*

*Please see the **Injectable Drugs – Facility Reimbursement** presentation for additional information, **Task Force Comments**, and the **EGID Response**.*

- **EGID proposes to continue to reimburse for laboratory tests according to EGID's fee schedule.**
  - **Considerations:** *Many commercial payers continue to reimburse separately for lab tests although there are some payers who now pay a bundled rate for visits and include lab tests in the bundle.*

# Additional Considerations



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- Task Force Comments:
  - Accepting only 90999 is not an accurate reflection of dialysis modalities and billing regulations.
  - CMS reimbursement methodology for peritoneal dialysis is different than for hemodialysis.
- EGID Response:
  - The unit of payment used by Medicare is a single dialysis treatment.
  - Although different equipment, supplies, and labor are needed for hemodialysis and peritoneal dialysis, the payment system that began in 2011 does not differentiate payment based on dialysis method for adults.” [Medicare Payment Advisory Commission (MedPAC), “Outpatient Dialysis Services Payment System,” October 2011].

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# Additional Considerations



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- Most dialysis services are being billed to EGID using 90999.
- Both hemodialysis and peritoneal dialysis are paid the same per visit under the CMS bundled rate system
- There is a difference in revenue codes but CMS requires CPT 90999 to appear on all claims with a bill type of 072X (hospital-based or freestanding dialysis clinic).
- For continuous treatments performed at home (CAPD and CCPD), Medicare pays for three visits per week. For 2013, EGID will pay the established rate per visit but beginning in 2014 will cap the payment for CAPD and CCPD.

# Additional Considerations



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- Task Force Comments:
  - Using Medicare rates as a basis for commercial products reimbursement is not common industry practice.
  - Negotiating a mutually agreed contracted rate is the common and preferred method for contracting for a commercial population.
  - The proposed rate is less than the largest commercial payer.
  - EGID members might have reduced access to care.

# Additional Considerations



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- EGID Response:
  - EGID currently allows a percentage of billed charges for the procedure code 90999.
  - EGID seeks to set a fee allowable for 90999 that is comparable to other commercial payers.
  - Information available indicates that other commercial payers contracted rates range from \$250 - \$525.
  - Commercial payment rates are typically expressed as a percentage of current Medicare rates across many types of services in order to provide a relative comparison.
  - EGID desires to stay competitive in the commercial payer market as well as provide the best value for the members' premium dollars.

# Additional Considerations



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- Task Force Comments:
  - 90993 should be used for the training aspect of all dialysis modalities.
  - Training is a very intensive one-on-one effort between nurse, patient, and caregiver.
  - The use of home dialysis treatments is increasing.
- EGID Response:
  - Medicare bundles training codes and includes a training add-on fee in its bundled rate.
  - EGID's volume for training codes have been very low historically.
  - If the use of training increases, EGID will review the need for covering that service and set an appropriate allowable.

# Conclusion



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- The proposed reimbursement levels fall within a common commercial level payment range.
- Establishing a fee for the principal dialysis visit code of 90999 represents a reduction from the current payment levels that are based on a percentage of billed charges.

# Appendix



## Top 5 Codes

CPT/ HCPCS	Description	MC Fee	<u>Current Fee</u>		<u>Proposed Fee</u>	
			Non- Network	Network	Non- Network	Network
90945	Dialysis procedure other than hemodialysis		710.92	812.48	NC	NC
90947	Dialysis procedure other than hemodialysis		159.06	174.45	NC	NC
90989	Dialysis training		60%	70%	NC	NC
90999	Unlisted dialysis procedure	234.52	60%	70%	504.22	527.67
A4657	Syringe with or without needle	0.50	60%	70%	2.00	2.50