
Program Memorandum Intermediaries/Carriers

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

Transmittal AB-02-175

Date: DECEMBER 13, 2002

CHANGE REQUEST 2475

SUBJECT: Revisions to Common Working File Edits for Skilled Nursing Facility (SNF) Consolidated Billing (CB) to Permit Payment for Certain Diagnostic Services Furnished to Beneficiaries Receiving Treatment for End Stage Renal Disease (ESRD) at an Independent or Provider-Based Dialysis Facility

I – GENERAL INFORMATION

Scope:

This Program Memorandum (PM) implements changes to the SNF CB editing for certain diagnostic services furnished to ESRD beneficiaries receiving dialysis at an independent or provider-based dialysis facility. Beginning, April 1, 2003, for dates of service on or after April 1, 2001, CWF will not apply the SNF CB edits to line items for diagnostic services where a modifier is placed on the line item to indicate that this service was rendered to an ESRD beneficiary in a SNF Part A stay who is receiving chronic dialysis related services at an Independent or Provider-Based Dialysis Facility. You will not receive denials from CWF for these line items.

Background:

The SNF CB provision requires a SNF to include on its Part A bill almost all of the services that its residents receive during the course of a Part A covered stay. However, there are several categories of services that the law (§1888(e)(2)(A)(ii) of the Social Security Act) specifically excludes from this provision, and these excluded services remain separately billable under Part B by the outside supplier that furnishes them. One of the excluded categories encompasses those items and services that fall within the scope of the Part B benefit that covers chronic dialysis for beneficiaries with ESRD (§1861(s)(2)(F) of the Act). In addition to covering the ESRD-related dialysis services themselves, the Part B benefit also covers any associated diagnostic tests (see regulations at 42 CFR 410.50(b) - (c) and 410.52(a)(3)).

Policy:

The SNF CB applies to diagnostic tests that are not ESRD-related. As such, SNF CB applies to diagnostic tests for beneficiaries that do not have ESRD. This would include tests related to “acute dialysis” (that is, dialysis for a beneficiary who is not an ESRD beneficiary), because non-ESRD dialysis services and associated diagnostic tests do not fall within the scope of the Part B dialysis benefit. In addition, SNF CB applies to a diagnostic test for an ESRD beneficiary if the test is unrelated to the beneficiary’s ESRD.

The SNF CB does not apply to diagnostic tests that are ESRD dialysis-related. “ESRD-related” means that: (1) the beneficiary must be an ESRD beneficiary; (2) the test must have been ordered by an ESRD facility; and (3) the test must relate directly to the dialysis treatment of the beneficiary’s ESRD.

A supplier or provider may bill the carrier or intermediary, respectively, for an ESRD dialysis-related diagnostic test, provided the test is outside the ESRD-facility composite rate, notwithstanding that the beneficiary is a SNF Part A resident.

A supplier or provider may not bill Medicare separately for a diagnostic test for a SNF Part A resident if the test is either: (1) within the ESRD facility composite rate or (2) not an ESRD dialysis-related diagnostic test.

Implementation:

1. Common Working File:

Beginning April 1, 2003, CWF will bypass the SNF CB edits for diagnostic services where the modifier "CB" is present for the line item.

2. Modifier Effective Date and Submission:

The modifier "CB – services ordered by a dialysis facility physician as part of the ESRD beneficiary's dialysis benefit, is not part of the composite rate, and is separately reimbursable" is effective April 1, 2003, for dates of service on or after April 1, 2001. CMS is not requiring that a provider or supplier report the modifier for every service rendered to a ESRD beneficiary; however, the provider or supplier must be aware that SNF CB editing will be applied if the line item does not contain the modifier. Indeed, the provider or supplier may use the modifier only when it has determined that: (a) the beneficiary has ESRD entitlement, (b) the test is related to the dialysis treatment for ESRD, (c) the test is ordered by a dialysis facility, (d) the test is not included in the dialysis facility's composite rate payment, and (e) the beneficiary is in a Part A stay. A provider or supplier must secure this information from the dialysis facility and use the modifier for only those line items for which all these factors are present.

3. Denied Claims:

Providers that have had claims denied due to SNF CB and provided a diagnostic service to a beneficiary who has ESRD in an Independent or Provider-Based Dialysis Facility for dates of service April 1, 2001 and later should resubmit these claims with the CB modifier for each line item. For claims with dates of service beyond the timely filing deadline, the claim(s) may be reopened by the carrier or intermediary or appealed for payment.

4. Provider Education:

a. Intermediaries:

1. Advise your SNFs that a SNF should notify the dialysis facility of the Part A status of its resident who undergoes dialysis at a dialysis facility.

2. Specifically, advise your providers that use of the CB modifier is inappropriate unless they have exercised due diligence to confirm that the test is appropriately excluded from SNF CB. This means that the provider must confirm that: (i) the beneficiary is a resident in a SNF Part A stay, (ii) the beneficiary has ESRD entitlement, (iii) the test has been ordered by a dialysis facility, (iv) the test is not included in the dialysis facility's composite rate payment, and (v) the test is related to the dialysis treatment of the beneficiary's ESRD.

3. Advise your dialysis facilities that it is improper for the dialysis facility to inform a provider that a test is related to the dialysis treatment of ESRD if, in fact, the beneficiary is undergoing acute dialysis rather than chronic ESRD dialysis.

b. Carriers:

1. Advise your suppliers of the contents of this PM via your website within 2 weeks of receipt of this PM and via your next regularly scheduled bulletin.

2. Specifically, advise your suppliers that use of the CB modifier is inappropriate unless they have exercised due diligence to confirm that: (i) the beneficiary is a resident in a SNF Part A stay, (ii) the beneficiary has ESRD entitlement, (iii) the test has been ordered by a dialysis facility, (iv) the test is not included in the dialysis facility's composite rate payment, and (v) the test is related to the dialysis treatment of the beneficiary's ESRD.

3. Advise your suppliers, that unless the supplier or provider has received this information from the dialysis facility, or has otherwise confirmed this information through other credible sources, then it is improper to submit a claim to Medicare with the CB modifier and that doing so without good faith belief in the legitimacy of using the CB modifier may constitute a false claim.

II - BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
1.1	CWF must bypass SNF CB for diagnostic services where the CB modifier is present for the line item for dates of service on or after April 1, 2001.	CWF
1.2	Carriers and Intermediaries must accept the CB modifier for dates of service on or after April 1, 2001.	Carriers Intermediaries

III - SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A - Other Instructions:

X-Ref Requirement #	Instructions

B - Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements

C - Interfaces: None.

D - Contractor Financial Reporting /Workload Impact: None.

E - Dependencies: None.

F - Testing Considerations: None.

IV - ATTACHMENT(S) None.

Version: Implementation Date: April 1, 2003 Discard Date: April 1, 2004 Post-Implementation Contact: Contractors should contact the regional office for questions pertaining to these instructions.	Effective Date: April 1, 2003 Funding: Within Current Operating Budget Pre-Implementation Contact: Joan Proctor-Young (410) 786-0949
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