70.2 - Enrollees with ESRD

(Rev. 89; Issued: 11-02-07; Effective/Implementation: 11-02-07)

For the purpose of MA payment, "ESRD beneficiaries" means beneficiaries with ESRD, whether entitled to Medicare because of ESRD, disability, or age, and includes beneficiaries in dialysis, transplant, and post-transplant functioning graft statuses. Beginning in CY 2006, CMS has the authority to determine whether and how to incorporate costs for ESRD enrollees into the bidding methodology, per 42 CFR 422.254(a)(2). To date, ESRD enrollee costs have not been included in plan bids for non-prescription drug benefits, and CMS continues to pay MA organizations for ESRD plan enrollees using the MA capitation rates.

Below are four payment rules for ESRD beneficiaries, two for CCP and PFFS plan enrollees, and two for MSA plan enrollees.

ESRD Payment Rules for CCPs and PFFS Plans. Beginning in CY 2005, with the introduction of the ESRD risk adjustment model, CMS pays the appropriate MA capitation rate, adjusted for enrollee risk.

- Rule 1 enrollees in dialysis and transplant status. CMS pays the State capitation rate for the enrollee State (or territory) of residence, adjusted by the enrollee's risk score, minus the amount of any rebate dollars (if any) allocated to reduce plan enrollees' Part B premium and/or Part D basic premium.

- Rule 2 for ESRD enrollees in functioning graft status. CMS pays the county capitation rate for the enrollee county of residence, adjusted by the enrollee's risk score, minus the amount of any rebate dollars (if any) allocated to reduce plan enrollees' Part B premium and/or Part D basic premium.

The amount by which the plan reduces enrollees' Part B premium is a foregone revenue that remains in the Treasury, allowing CMS and SSA to decrease the enrollee's Part B

premium by this amount. The amount by which the plan reduces the basic Part D premium is reflected in CMS' Part D payment to the plan.

ESRD Payment Rule for MSA Plans. CMS pays the appropriate MA capitation rate, adjusted for enrollee risk.

- Rule 3 for enrollees in dialysis and transplant status. CMS pays the State capitation rate for the enrollee State of residence, adjusted by the enrollee's risk score, minus the plan's monthly deposit amount.

- Rule 4 for enrollees in functioning graft status. CMS pays the county capitation rate for the enrollee county of residence, adjusted by the enrollee's risk score, minus the plan's monthly deposit amount.