

(i) Calculates annualized values for calendar year 2018 at the ESRD facility level for the metrics specified in paragraph (f)(2)(i) of this section by dividing the numbers of days the cost report spanned to compute a per-day metric, then multiplying the resulting value by the number of days in 2018 the cost report covered to compute the metrics attributable to the period covered by the cost report in 2018. Next, for ESRD facilities with multiple cost reports covering 2018 the resulting metrics are aggregated. Finally, each ESRD facility's aggregated metrics are annualized to cover the full calendar year 2018. The annualization factor for an ESRD facility is the total number of days in 2018 divided by the total days in 2018 covered by the ESRD facility's cost report(s).

(ii) Calculates an estimated home dialysis machine and equipment cost for each ESRD facility by multiplying the annualized dialysis machine and equipment cost determined in paragraph (f)(3)(i) of this section by the ESRD facility's hemodialysis-equivalent home dialysis treatment percentage. The hemodialysis-equivalent home dialysis treatment percentage for each facility is calculated by dividing annualized hemodialysis-equivalent home treatment count determined in paragraph (f)(3)(i) of this section by annualized hemodialysis-equivalent treatment count across all modalities determined in paragraph (f)(3)(i) of this section.

(iii) Calculates an average home dialysis machine and equipment cost per home dialysis treatment for calendar year 2018 by dividing the sum of the estimated home dialysis machine and equipment cost in paragraph (f)(3)(ii) of this section across all ESRD facilities by the sum of annualized hemodialysis-equivalent home treatment counts determined in paragraph (f)(3)(i) of this section across all facilities.

(iv) Calculates the amount subtracted from the pre-adjusted treatment amount determined in paragraph (f)(1)(iii) of this section by inflating the average home dialysis machine and equipment cost per home dialysis treatment for calendar year 2018 determined in paragraph (f)(3)(iii) to calendar year 2021. The average home dialysis machine and equipment cost per

home dialysis treatment for calendar year 2018 is inflated to calendar year 2021 by multiplying this value by the payment rate update factor required under section 1881(b)(14)(F)(i) of the Social Security Act for calendar years 2019, 2020, and 2021. This value is then divided by a scaling factor to be converted to the ESRD PPS payment scale. The scaling factor is calculated by dividing the calendar year 2018 total cost per treatment inflated to calendar year 2021 by the average ESRD PPS payment per treatment projected for calendar year 2021.

(v) Effective January 1, 2022, CMS annually updates the amount determined in paragraph (f)(3)(iv) of this section by the ESRD bundled market basket percentage increase factor minus the productivity adjustment factor.

[84 FR 60805, Nov. 8, 2019, as amended at 85 FR 71486, Nov. 9, 2020]

#### §413.237 Outliers.

(a) The following definitions apply to this section.

(1) *ESRD outlier services* are the following items and services that are included in the ESRD PPS bundle:

(i) Renal dialysis drugs and biological products that were or would have been, prior to January 1, 2011, separately billable under Medicare Part B.

(ii) Renal dialysis laboratory tests that were or would have been, prior to January 1, 2011, separately billable under Medicare Part B.

(iii) Renal dialysis medical/surgical supplies, including syringes, used to administer renal dialysis drugs and biological products that were or would have been, prior to January 1, 2011, separately billable under Medicare Part B.

(iv) Renal dialysis drugs and biological products that were or would have been, prior to January 1, 2011, covered under Medicare Part D, including renal dialysis oral-only drugs effective January 1, 2025.

(v) Renal dialysis equipment and supplies, except for capital-related assets that are home dialysis machines (as defined in §413.236(a)(2)), that receive the transitional add-on payment adjustment as specified in §413.236, after the payment period has ended.

(vi) As of January 1, 2012, the laboratory tests that comprise the Automated Multi-Channel Chemistry panel are excluded from the definition of outlier services.

(2) *Adult predicted ESRD outlier services Medicare allowable payment (MAP) amount* means the predicted per-treatment case-mix adjusted amount for ESRD outlier services furnished to an adult beneficiary by an ESRD facility.

(3) *Pediatric predicted ESRD outlier services Medicare allowable payment (MAP) amount* means the predicted per-treatment case-mix adjusted amount for ESRD outlier services furnished to a pediatric beneficiary by an ESRD facility.

(4) *Adult fixed dollar loss amount* is the amount by which an ESRD facility's imputed per-treatment MAP amount for furnishing ESRD outlier services to an adult beneficiary must exceed the adult predicted ESRD outlier services MAP amount to be eligible for an outlier payment.

(5) *Pediatric fixed dollar loss amount* is the amount by which an ESRD facility's imputed per-treatment MAP amount for furnishing ESRD outlier services to a pediatric beneficiary must exceed the pediatric predicted ESRD outlier services MAP amount to be eligible for an outlier payment.

(6) *Outlier Percentage*: This term has the meaning set forth in § 413.220(b)(4).

(b) *Eligibility for outlier payments*—(1) *Adult beneficiaries*. An ESRD facility will receive an outlier payment for a treatment furnished to an adult beneficiary if the ESRD facility's per-treatment imputed MAP amount for ESRD outlier services exceeds the adult predicted ESRD outlier services MAP amount plus the adult fixed dollar loss amount. To calculate the ESRD facility's per-treatment imputed MAP amount for an adult beneficiary, CMS divides the ESRD facility's monthly imputed MAP amount of providing ESRD outlier services to the adult beneficiary by the number of dialysis treatments furnished to the adult beneficiary in the relevant month. A beneficiary is considered an adult beneficiary if the beneficiary is 18 years old or older.

(2) *Pediatric beneficiaries*. An ESRD facility will receive an outlier payment

for a treatment furnished to a pediatric beneficiary if the ESRD facility's per-treatment imputed MAP amount for ESRD outlier services exceeds the pediatric predicted ESRD outlier services MAP amount plus the pediatric fixed dollar loss amount. To calculate the ESRD facility's per-treatment imputed MAP amount for a pediatric beneficiary, CMS divides the ESRD facility's monthly imputed MAP amount of providing ESRD outlier services to the pediatric beneficiary by the number of dialysis treatments furnished to the pediatric beneficiary in the relevant month. A beneficiary is considered a pediatric beneficiary if the beneficiary is under 18 years old.

(c) *Outlier payment amount*: CMS pays 80 percent of the difference between:

(1) The ESRD facility's per-treatment imputed MAP amount for the ESRD outlier services, and

(2) The adult or pediatric predicted ESRD outlier services MAP amount plus the adult or pediatric fixed dollar loss amount, as applicable.

[75 FR 49201, Aug. 12, 2010, as amended at 76 FR 70314, Nov. 10, 2011; 78 FR 72252, Dec. 2, 2013; 79 FR 66262, Nov. 6, 2014; 80 FR 69077, Nov. 6, 2015; 84 FR 60806, Nov. 8, 2019; 85 FR 71487, Nov. 9, 2020]

#### § 413.239 Transition period.

(a) *Duration of transition period and composition of the blended transition payment*. ESRD facilities not electing under paragraph (b) of this section to be paid based on the payment amount determined under § 413.230 of this part, will be paid a per-treatment payment amount for renal dialysis services (as defined in § 413.171 of this part) and home dialysis, provided during the transition as follows—

(1) For services provided on and after January 1, 2011 through December 31, 2011, a blended rate equal to the sum of:

(i) 75 percent of the payment amount determined under the ESRD payment methodology in effect prior to January 1, 2011 in accordance with section 1881(b)(12) of the Act and items and services separately paid under Part B; and

(ii) 25 percent of the payment amount determined in accordance with section 1881(b)(14) of the Act;