Program Memorandum Intermediaries/Carriers

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

Transmittal AB-03-138 **Date: SEPTEMBER 5, 2003**

This Program Memorandum re-issues Program Memorandum AB-02-100, Change Request 2266, dated July 24, 2002. The only change is the discard date; all other material remains the same.

CHANGE REQUEST 2266

SUBJECT: Modification of Medicare Policy for Erythropoietin (EPO)

Program Memorandum (PM) AB-00-76 instructed contractors not to subject claims for EPO furnished under §1881(b) of the Social Security Act (the Act) (EPO furnished to End Stage Renal Disease (ESRD) patients on dialysis) to routine pre-payment review. This PM expired September 15, 2001. Since that time review of EPO claims has been at the discretion of Medicare contractors.

A number of ESRD providers have expressed concern with the appropriateness of some local policies for review of EPO claims. They indicate that they have data to document the appropriateness of a national policy similar to that promulgated in PM AB-00-76. We have invited interested parties to use the national coverage determination (NCD) process that was announced in the ***Federal Register*** on April 27, 1999, (see www.cms.hhs.gov/coverage/8a1.asp) to formally request a national policy in this regard. In the absence of an NCD on this issue, we have agreed to reinstate the policy contained in PM AB-00-76.

Effective August 31, 2002, do not subject claims for EPO furnished under §1881(b) of the Act to routine pre-payment review. When indicated, conduct post-payment review of EPO by looking at a 90-day rolling average of hematocrit levels. Because of the natural variability in hematocrit levels and because we are encouraging practitioners to maintain a hematocrit level within the range of 33 to 36 percent as recommended by the Dialysis Outcomes Quality Initiative, use a threshold hematocrit value of 37.5 percent in targeting aberrant cases. Identify practitioners with an atypical number of patients with hematocrit levels above a 90-day rolling average of 37.5 percent for routine medical review activities, such as educational efforts or pre-payment reviews. Upon post-payment review if the treating physician argues it is medically necessary to have a target hematocrit that is greater than 36 percent, then the medical justification must be fully documented and satisfy the judgement of the contractor.

These instructions apply only to EPO furnished under the §1881(b) benefit. There is no national policy related to EPO furnished incident to a physician service. Therefore, you have discretion to develop local policies as appropriate for this service.

Contact Persons: Coverage Policy – Jackie Sheridan-Moore (410) 786-4635, Program Integrity - Debbie Skinner (410) 786-7480

These instructions should be implemented within your current operating budget.

The *effective date* for this PM is August 31, 2002.

The *implementation date* for this PM is August 31, 2002.

This PM may be discarded August 31, 2004.