Advising the Congress on Medicare issues

Outpatient dialysis services: Assessment of payment adequacy

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January 8, 2009

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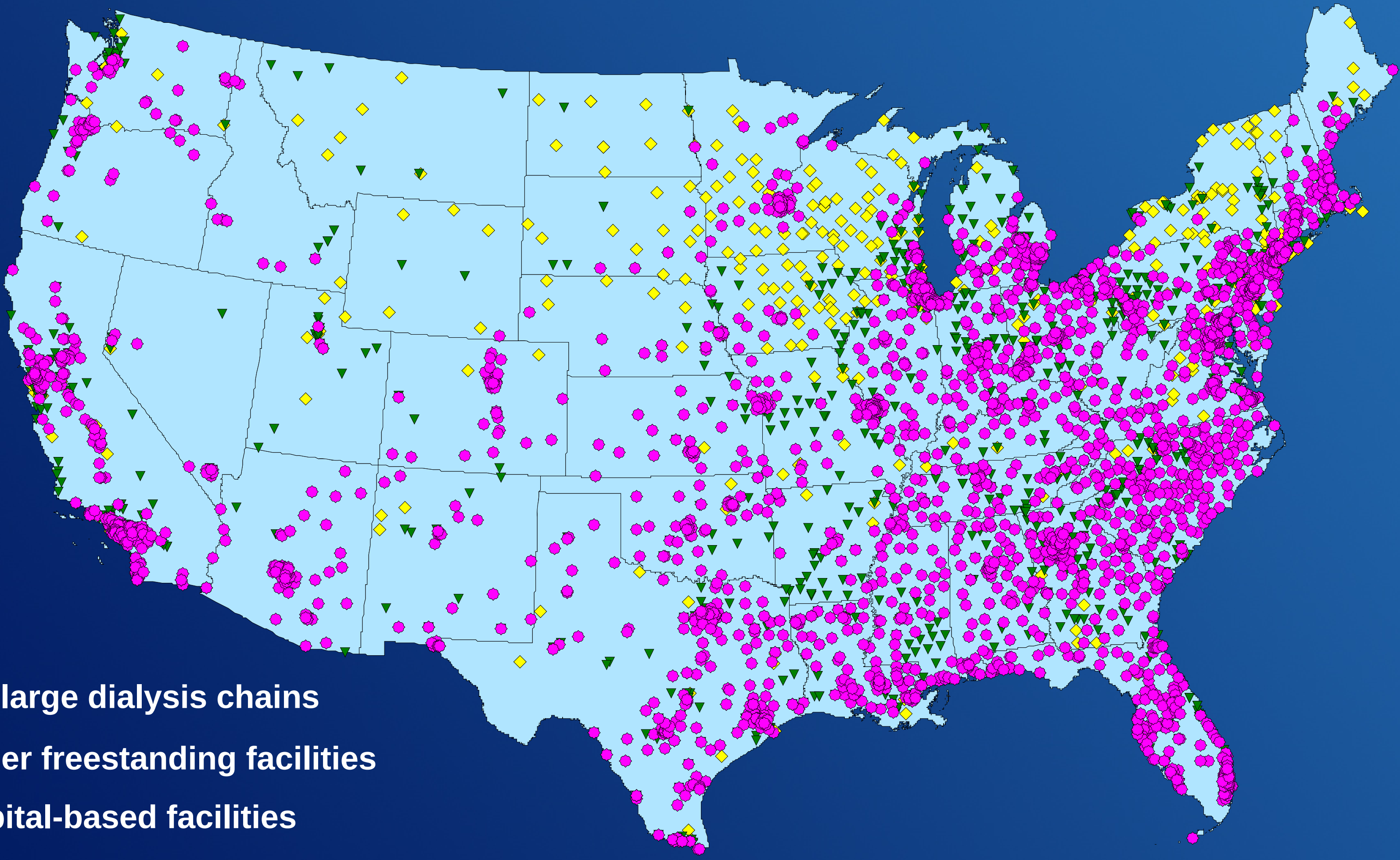
Beneficiaries' access to care

- Net increase in the number of facilities and stations from year to year
- Hemodialysis stations grew 5 percent per year during past decade
- Little change in the mix of patients cared for across provider types between 2006 and 2007
- Few facility closures—linked to size and profitability

Dialysis facilities by ownership



- Two large dialysis chains
- Other freestanding facilities
- Hospital-based facilities

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Volume of services

- The growth in the number of in-center hemodialysis treatments generally kept pace with the growth in the number of dialysis patients
- Aggregate volume of drugs increased but more slowly than in previous years
  - Small decrease in erythropoietin dose per treatment 2004 and 2007
  - Policy changes and recent studies on erythropoietin contribute to changes in drug use

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Quality of care between 2001 and 2006

- For some measures, quality is high or improving
  - Dialysis adequacy, anemia status, use of AV fistula (recommended vascular access)
- For other measures, quality improvements are still needed
  - Nutritional status, rates of hospitalization and mortality, proportion of patients registered on the kidney transplant list

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Kidney transplantation

- Kidney transplantation is the best treatment option for ESRD patients
  - Reduces mortality and improves the quality of life
- The number of transplants grew 4% in 2006, to a record high of over 18,000
- During the same time, the number of patients on the waiting list increased 8%
- Medicare covers kidney transplantations and extends full benefits for 36 months following a successful transplantation

Who waits for and gets a transplant?

- Access to kidney transplantation varies by:
  - race
  - insurance status
  - geographic location
  - dialysis facility ownership

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Medicare margin for composite rate services and dialysis drugs

Year	Medicare margin
2005	5.8%
2006	5.9%
2007	4.8%
2009 (projected)	1.2%

Data are preliminary and subject to change.

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Medicare margin in 2007 varies across provider types

Provider type	Percent of spending by freestanding facilities	Medicare margin
All	100%	4.8%
Affiliated with two largest chains	68	6.9
Not affiliated with two largest chains	32	0.2
Urban	82	5.1
Rural	18	3.1

Data are preliminary and subject to change.