



*Advising the Congress on Medicare issues*

# Assessing payment adequacy: Outpatient dialysis services

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January 14, 2010

# Overview of the outpatient dialysis sector in 2008

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- About 330,000 dialysis beneficiaries
- Medicare spending on dialysis and dialysis drugs was \$8.6 billion
- Nearly 5,000 dialysis facilities

# Trends in kidney transplantation

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- Kidney transplantation is the best treatment option for ESRD patients
- Between 2002 and 2007, rates of kidney transplantation :
  - Increased for Asian Americans and Native Americans
  - Remained about steady for African Americans
  - Declined for whites

# Medicare margin in 2008 varies across provider types

Provider type	Percent of spending	Medicare margin
All	100%	3.2%
Affiliated with two largest chains	68	4.0
Not affiliated with two largest chains	32	1.6
Urban	83	3.9
Rural	17	-0.3

Data are for freestanding facilities. Data are preliminary and subject to change.

# Adequacy measures are generally positive

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- Supply and capacity of providers
  - Increasing number of facilities and dialysis stations
- Beneficiaries' access to care
  - Little change in the mix of beneficiaries cared for across provider types between 2007 and 2008
- Volume of services
  - Growth in dialysis treatments matches beneficiary growth
  - Volume of dialysis drugs increasing except for ESAs

# Adequacy measures are generally positive

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- Quality
  - Some measures high or improving: dialysis adequacy, use of AV fistulas
  - Others need improvement: kidney transplantation, hospitalization, mortality
- Access to capital
  - Independent investor analysts suggests access to capital is good
- Projected margin for 2010: 2.5 percent