

# The prices paid by Medicare Advantage plans for dialysis services and plan cost-sharing requirements for dialysis, 2018 to 2022

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## BACKGROUND

Individuals with end-stage renal disease (ESRD) have been entitled to Medicare Part A and Part B benefits since 1972 but were mostly prohibited from joining Medicare Advantage (MA) plans.

Beginning in 2021, the 21st Century Cures Act allows all beneficiaries with ESRD to sign up for MA plans. MA enrollment grew significantly among beneficiaries with ESRD, from 27% in December 2020 to 55% in December 2024.

**Fee-for-service (FFS)** pays dialysis facilities a single case-mix-adjusted payment under the ESRD PPS. Beneficiaries pay 20 percent coinsurance.

**MA plans** pay dialysis facilities a negotiated rate, which may vary between plans. MA plans have the option of reducing the 20 percent coinsurance for dialysis.

## RESEARCH OBJECTIVE

To assess whether and how MA plan prices and cost sharing for dialysis services changed following the policy change and the subsequent growth in MA enrollment among individuals with ESRD.

## METHODS

We analyzed FFS claims, MA encounter data, MA plan benefits package files, and CMS special needs plan (SNP) data for 2018–2022 to:

1. estimate the prices MA plans paid for dialysis relative to FFS Medicare rates (measured at the contract level and weighted by treatment volume), and
2. measure the share of ESRD enrollment in MA plans with the maximum 20 percent coinsurance for dialysis, by MA plan type.

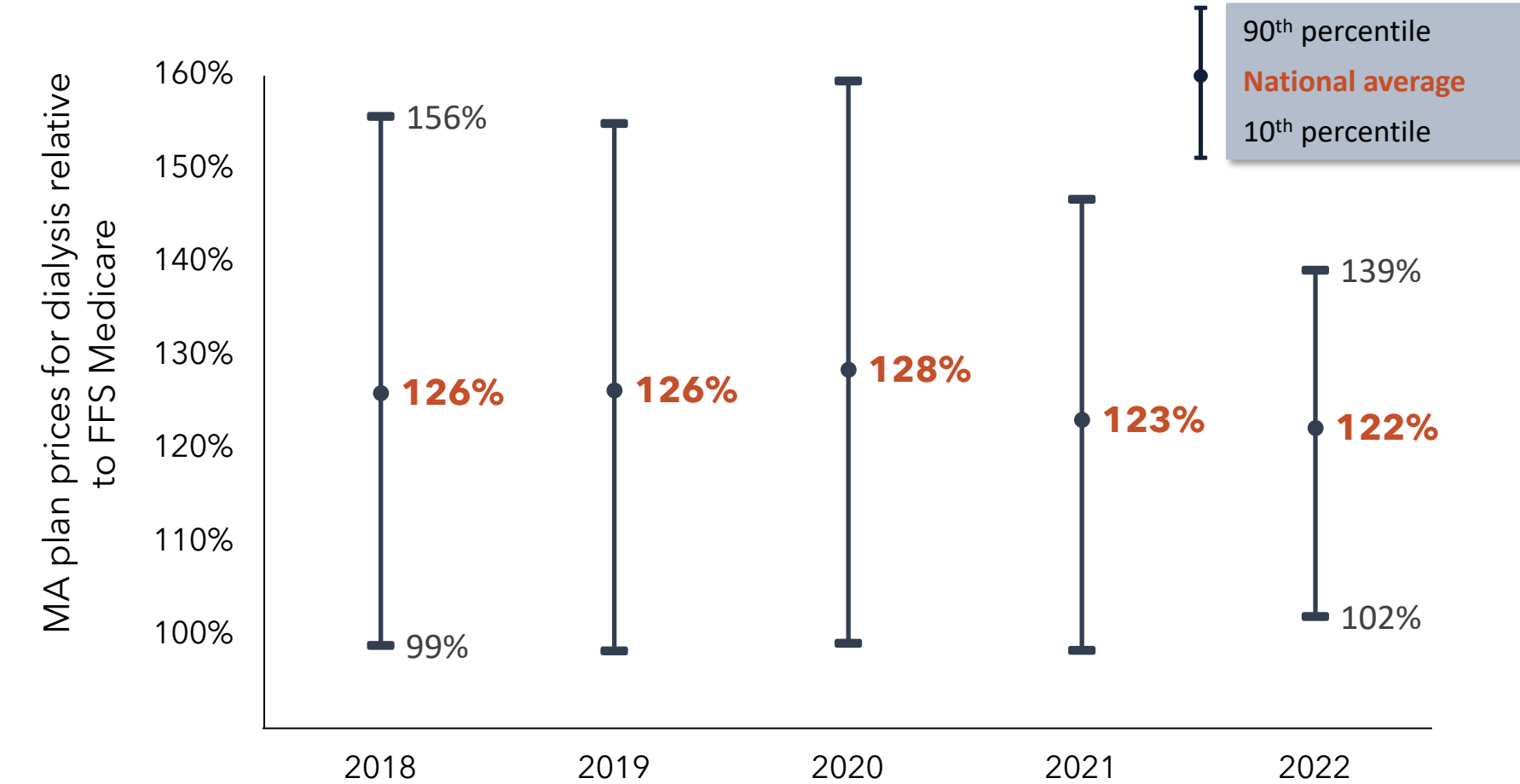
## REFERENCES

Medicare Payment Advisory Commission. 2026. *Report to the Congress: Medicare payment policy*. Washington, DC: MedPAC.

## PRINCIPAL FINDINGS

### Most MA contracts paid more per dialysis treatment than FFS Medicare rates, 2018–2022

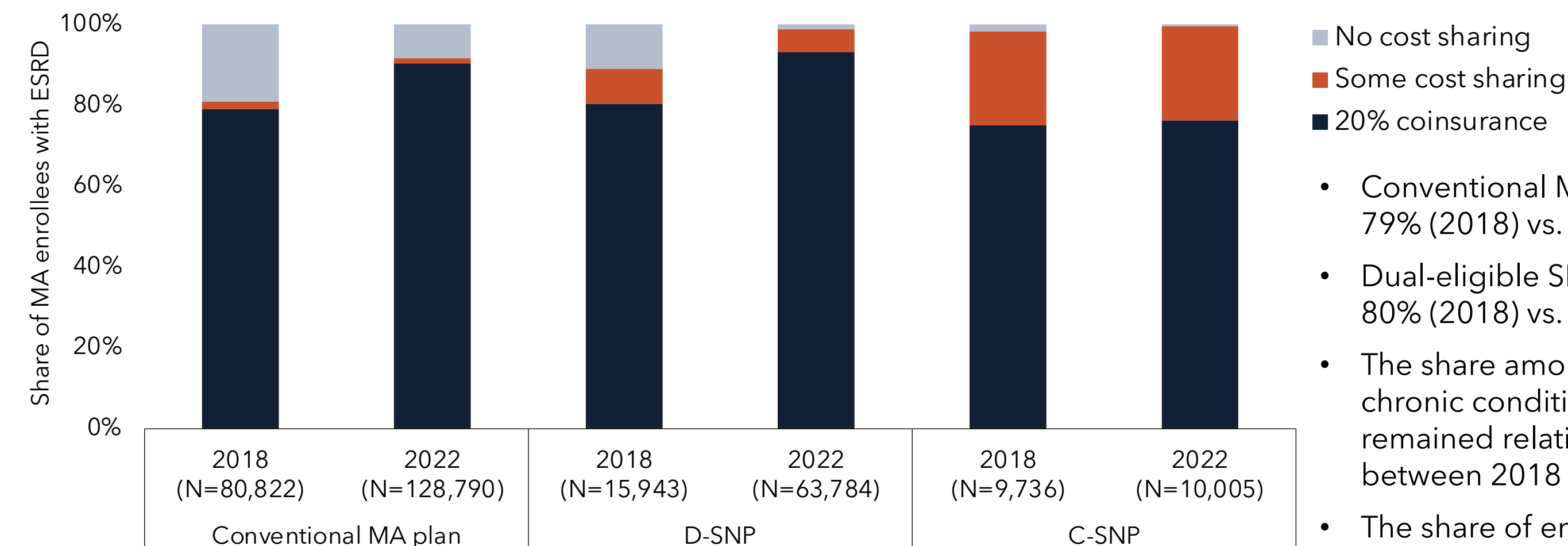
- The national average MA plan price for dialysis was 26% to 28% higher than FFS Medicare rates between 2018 and 2020, then dropped to 23% and 22% higher than FFS Medicare rates in 2021 and 2022, respectively.
- The average price paid for dialysis varied widely across contracts. Prices for dialysis services at the 10<sup>th</sup> and 90<sup>th</sup> percentile ranged between:
  - 1% below FFS Medicare rates to 56% above FFS Medicare rates in 2018
  - 2% to 39% above FFS Medicare rates in 2022



**Note:** FFS (fee-for-service), MA (Medicare Advantage). The dots represent the national average of MA contract prices for dialysis relative to FFS Medicare. The bars represent MA contract prices for dialysis services relative to FFS Medicare at the 10<sup>th</sup> and 90<sup>th</sup> percentile. Estimated MA prices have been adjusted to account for differences in age and wage index, and weighted by treatment volume.

**Source:** MedPAC analysis of FFS claims, MA encounter data, and MA plan benefits package files, 2018–2022.

### The share of MA enrollees with ESRD in plans with 20 percent dialysis coinsurance grew



**Note:** MA (Medicare Advantage), ESRD (end-stage renal disease), SNP (special needs plan); C-SNP (chronic or disabling condition SNP); D-SNP (dual-eligible SNP). The bars represent MA enrollment by beneficiaries with ESRD, by plan coinsurance amounts.

**Source:** Data compiled by MedPAC from MA encounter data, MA plan benefits package files, and CMS SNP data, 2018–2022.

## CONCLUSIONS

MA prices paid for dialysis remain higher than FFS Medicare rates, on average, but have decreased relative to FFS over time. However, MA enrollee cost sharing for dialysis has increased over time.

## IMPLICATIONS FOR POLICY AND PRACTICE

The high level of consolidation in the dialysis industry may explain, at least in part, higher negotiated prices for MA plans relative to FFS.

Increasing MA enrollment by beneficiaries with ESRD, combined with the removal of network adequacy rules for outpatient dialysis facilities, may have increased negotiating leverage for many MA plans, which could account for the lower prices in 2021 and 2022.

Although the maximum out-of-pocket (OOP) limit in MA constrains total OOP spending for MA enrollees, charging the maximum allowable cost sharing for dialysis services may discourage non-dually eligible beneficiaries from enrolling in a plan or from staying enrolled in a plan throughout the year.

## LIMITATIONS

Our price comparisons incorporate several adjustments in the FFS payment system, including enrollee age and facility wage index. However, there are certain aspects of the FFS payment calculations that we could not incorporate.

Our estimate of relative prices in MA does not account the higher share of FFS beneficiaries on dialysis that received calcimimetics during the transitional drug add-on payment adjustment period (2018–2020).

## CONTACT INFORMATION

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- Conventional MA plans: 79% (2018) vs. 90% (2022)
- Dual-eligible SNPs: 80% (2018) vs. 93% (2022)
- The share among those in chronic condition SNPs remained relatively stable between 2018 and 2022
- The share of enrollees with no cost sharing for dialysis decreased during this time