

Assessing payment adequacy and updating payments:
Ambulatory surgical center services
Outpatient dialysis services
Hospice services

January 14, 2021

Assessing payment adequacy and updating payments: Ambulatory surgical center services

Dan Zabinski
January 14, 2021

Overview of ambulatory surgical centers (ASCs) in 2019

Medicare FFS
payments:
\$5.2 billion

Beneficiaries:
3.5 million
served

Number of
ASCs:
~ 5,800

Current law
update:
2.4% in 2021

Data preliminary and subject to change.

Indicators of payment adequacy are positive

- Access to ASC services increased in 2019:
 - Volume per beneficiary increased 2.7%
 - FFS beneficiaries served increased 0.9%
 - Number of ASCs increased 2.5%
- Medicare payments per beneficiary increased 8.3%
- Access to capital: Adequate
- Quality: Improved 2013-2017; largely unchanged 2017-2018
- Lack of cost data limits analysis; Commission has recommended that ASCs be required to submit cost data

Assessing payment adequacy and updating payments: Outpatient dialysis services

Nancy Ray and Andy Johnson
January 14, 2021

Overview of outpatient dialysis services, 2019

- Outpatient dialysis services used to treat individuals with end-stage renal disease (ESRD)
- FFS beneficiaries: About 395,000
- Providers: About 7,700 dialysis facilities
- Medicare FFS dialysis spending: \$12.9 billion

Source: MedPAC analysis of 100 percent claims submitted to dialysis facilities to CMS and CMS's Dialysis Compare files.
Data are preliminary and subject to change.

Follow-up from December meeting: Sources of supplemental coverage for FFS beneficiaries, 2019

Source of supplemental coverage	Share of dialysis beneficiaries	Share of non-dialysis beneficiaries
Medicaid	46%	18%
Other sources	30	58
None	24	24

Note: Other sources includes Medigap, employer-sponsored insurance, and Tricare.

Source: MedPAC analysis of CMS's enrollment files.

Data are preliminary and subject to change.

Summary: Outpatient dialysis payment adequacy indicators generally positive

Beneficiaries' access to care	Quality of care	Access to capital	Medicare payments and providers' costs
<ul style="list-style-type: none">• Growth in provider supply and capacity• Volume is steady• Positive marginal profit (25%)	<ul style="list-style-type: none">• Increase in home dialysis use• Mortality and readmission rates steady	<ul style="list-style-type: none">• Continued entry of for-profits• Sector viewed favorably by investors• All payer margin: 18%	<ul style="list-style-type: none">• 2019 Medicare margin: 8.4%• 2021 Medicare projected margin: 4%
Positive	Stable	Positive	Positive

Assessing payment adequacy and updating payments: Hospice services

Kim Neuman
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Overview of Medicare hospice services, 2019

- Hospice use:
 - Over 1.6 million beneficiaries
 - Over 51% of decedents
- Providers: Over 4,800
- Medicare payments: \$20.9 billion

Summary: Hospice payment adequacy indicators generally positive

Beneficiaries' access to care	Quality of care	Hospices' access to capital	Medicare payments and hospices' costs
<ul style="list-style-type: none"> • Growth in provider supply • Growth in volume (use rates, ALOS) • Positive marginal profits (16%) 	<ul style="list-style-type: none"> • Process measures topped out • Visits at end-of-life up slightly • CAHPS stable • OIG identified subgroup of poor performers 	<ul style="list-style-type: none"> • Continued entry of for-profits • Sector viewed favorably by investors • Provider-based have access via parent provider 	<ul style="list-style-type: none"> • 2018 Medicare margin: 12.4% • 2021 projected margin: 13%
Positive	Mostly positive; limited measures	Positive	Positive

Hospice aggregate cap

- Cap limits aggregate payments a hospice provider can receive annually (\$30,684 in FY 2021 irrespective of geography)
- Hospices that exceed the cap have long lengths of stay and high margins
 - In 2018, 16.3% of hospices exceeded the cap. Their margin was 21.8% before, and 10.1% after, return of cap overage
- In lieu of an across-the-board payment reduction, in March 2020 the Commission recommended the cap be wage adjusted and reduced 20%
 - Would make cap more equitable across providers and focus payment reductions on providers with high margins and longest stays

Note: Data are preliminary and subject to change.

Sources: MedPAC analysis of hospice claims and Medicare beneficiary database.