



Advising the Congress on Medicare issues

Assessing payment adequacy: Outpatient dialysis services

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Overview of the outpatient dialysis sector, 2011

- About 365,000 dialysis beneficiaries
- About 5,600 dialysis facilities
- Medicare spending for outpatient dialysis services was \$10.1 billion

Questions from December meeting

- Demographic characteristics of new dialysis patients between 2000 and 2010
 - Rate of average annual growth of new cases greatest for patients 85 years and older
- Trend in early initiation of dialysis
- Low-volume analysis
- Use of non-emergency ambulance by dialysis patients

Questions from December meeting

- Case-mix adjustment for six comorbidities
 - Acute comorbidities: GI bleed, bacterial pneumonia, and pericarditis
 - Chronic comorbidities: hemolytic/sickle cell anemia, monoclonal gammopathy, and myelodysplastic syndrome
 - Industry representatives contend that facilities lack sufficient documentation to claim the adjustors and that they incur high labor costs to obtain necessary documentation

Case-mix adjustment for acute and chronic comorbidities

- Question about the ability of dialysis facilities to bill for comorbidities
- Using claims submitted by dialysis facilities paid under the new PPS, MedPAC examined the prevalence of the comorbidities in 2011
- Reporting in 2011 has improved compared to past years
- Monitor this issue next year

Summary of adequacy indicators

- Supply and capacity of providers:
 - Net increase in the number of dialysis patients and dialysis treatment stations
- Beneficiaries' access to care
 - Few facility closures and few beneficiaries affected by closures in 2010
 - Rural facilities did not disproportionately close in 2010

Summary of adequacy indicators

- Volume of services
 - Growth in dialysis treatments matches beneficiary growth
 - Changes in the per treatment use of dialysis injectable drugs in 2007, 2010, and 2011
 - Use of ESAs, injectable iron, and vitamin D agents was estimated by multiplying the units of the drug by the drug's average Medicare payment in 2011
 - Most of the decline in per treatment use occurred between 2010 and 2011
 - ESAs accounted for most of the decline

Summary of adequacy indicators

- Quality since implementation of the modernized PPS
 - Rates of mortality, ED use, and hospitalization high but steady
 - Anemia outcomes: Small increase in the rate of blood transfusions; increasing proportion of patients with lower hemoglobin levels

Summary of adequacy indicators

- Access to capital
 - Growth in large and mid-sized chains suggests that access to capital is good
- Outpatient dialysis Medicare margins
 - Estimated 2011 Medicare margin: 2 to 3 percent
 - Projected 2013 Medicare margin: 3 to 4 percent

American Taxpayer Relief Act of 2012

- Mandates that the Secretary:
 - Rebase the dialysis payment rate effective 2014 based on changes between 2007 and 2012 in the utilization of ESAs, other drugs and biologicals, and diagnostic laboratory tests
 - Delay the inclusion of oral-only ESRD-related drugs into the payment bundle until 2016