



Highlights of [GAO-04-63](#), a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

Most patients with end-stage renal disease (ESRD) must rely on dialysis treatments to compensate for kidney failure. Currently, over 222,000 ESRD patients visit dialysis centers several times a week to have toxins removed from their bloodstreams. While dialysis care has improved overall, questions remain regarding the quality of care provided by some of the nation's roughly 4,000 ESRD facilities. We examined (1) the extent and nature of quality of care problems identified at dialysis facilities, (2) the effectiveness of state survey agencies in ensuring that quality issues are uncovered, corrected, and stay corrected, and (3) the extent to which the Centers for Medicare & Medicaid Services (CMS) funds, monitors, and assists state survey activities related to dialysis care.

What GAO Recommends

GAO suggests that Congress consider authorizing CMS to impose immediate sanctions, such as monetary penalties or denying payment for new Medicare patients, on dialysis facilities cited with serious deficiencies in consecutive surveys. GAO recommends that the CMS Administrator create incentives for facilities to maintain compliance with quality standards, increase use of expert staff in conducting ESRD facility surveys, and enhance the support and monitoring of state survey agencies. CMS did not indicate an intention to implement five of our six recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-04-63.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Leslie G. Aronovitz at (312) 220-7600.

DIALYSIS FACILITIES

Problems Remain in Ensuring Compliance with Medicare Quality Standards

What GAO Found

A substantial number of ESRD facilities do not achieve minimum patient outcomes specified in clinical practice guidelines, with significant proportions of their patients receiving inadequate dialysis or treatment for anemia. Similarly, inspections of dialysis facilities by state survey agencies have uncovered numerous problems that put patient health at risk. Between fiscal years 1998 and 2002, these inspections, commonly called surveys, revealed that 15 percent of facilities surveyed had serious quality problems that, if left uncorrected, would warrant termination from the Medicare program. Serious deficiencies commonly found during surveys included medication errors, contamination of water used for dialysis, and insufficient physician involvement in patient care.

Infrequent, poorly targeted, and inadequate inspections allow facilities' quality of care problems to go undetected or remain uncorrected. Specifically:

- Although ESRD survey activity has increased in recent years, only nine state survey agencies consistently met CMS's goal to inspect 33 percent of ESRD facilities annually.
- A substantial number of facilities go many years between inspections. In fiscal year 2002, 216 facilities nationwide went 9 or more years without an inspection.
- Deficiencies may not have been detected during an inspection if the surveyors had little experience in assessing dialysis quality.

Even when deficiencies are identified and facilities take corrective action, little incentive exists for these facilities to remain in compliance. Data show a pattern of repeated serious deficiencies in successive inspections of an individual facility. No effective sanctions are available to enforce compliance, short of terminating the facility from the Medicare program, which is rarely done.

Federal monitoring of state agencies' performance of surveys and technical assistance provided is uneven across CMS regions. CMS substantially increased its funding for ESRD surveys from an estimated \$3.1 million in fiscal year 1998 to \$8.2 million in fiscal year 2002. At the same time, several CMS regional offices in our study did not actively oversee how the state agencies used these funds to improve survey activities. CMS has not taken steps needed to facilitate information sharing between federally funded ESRD networks and state agencies on the performance of individual dialysis facilities—information that could help states to target their inspection resources. In addition, CMS has not offered adequate training opportunities for surveyors inspecting ESRD facilities.