



Advising the Congress on Medicare issues

Adequacy of outpatient dialysis payments

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Beneficiaries' access to care

- Net increase in the number of facilities and stations from year to year
- Hemodialysis stations grew 5 percent per year during past decade
- Little change in the mix of patients cared for across provider types between 2005 and 2006
- Few facility closures—linked to size and profitability
- Dual eligibles and African Americans over-represented in facilities that closed in 2006 but their overall access is unaffected

Volume of services

- The growth in the number of in-center hemodialysis treatments generally kept pace with the growth in the number of dialysis patients
- Aggregate volume of drugs increased but more slowly than in previous years
 - Small increase in erythropoietin dose per treatment 2004 and 2006
 - MMA contributes to changes in drug use

MMA changed outpatient dialysis payment method

- Decreased the payment rate of separately billable drugs
 - CMS paid average acquisition payment for most dialysis drugs in 2005 and 106 percent of average sales price since 2006
- Increased the composite rate payment
 - Add-on payment to the composite rate is 15.5 percent in 2008

Quality of care between 2000 and 2005

- Proportion of patients receiving adequate dialysis and with their anemia under control increased
- Proportion of patients receiving an AV fistula increased
- No improvement in patients' nutritional status

Pay for performance for outpatient dialysis services

- Commission recommended establishing a quality incentive payment policy for outpatient dialysis services
- Quality incentives are feasible
 - Well accepted measures are available
 - Systems in place to collect data
 - Data are available to risk adjust measures
 - Providers can improve upon measures

Medicare margin for composite rate services and dialysis drugs

Year	Medicare margin
2000	5.2%
2005	5.8%
2006	5.9%
2008 (projected)	2.6%

Data are preliminary and subject to change.

Medicare margin in 2006 varies but it is positive across provider types

Provider type	Percent of spending by freestanding facilities	Medicare margin
All	100%	5.9%
Affiliated with two largest chains	69%	7.6%
Not affiliated with two largest chains	31%	2.0%
Urban	82%	6.2%
Rural	18%	4.5%