

# OVERVIEW OF THE MEDICARE END-STAGE RENAL DISEASE (ESRD) FINAL RULE CY 2018

## SUMMARY OF CALCULATION ELEMENTS

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Rule to take effect January 1, 2018

# INDEX TO CY 2018 CHANGES IN ESRD FACTORS

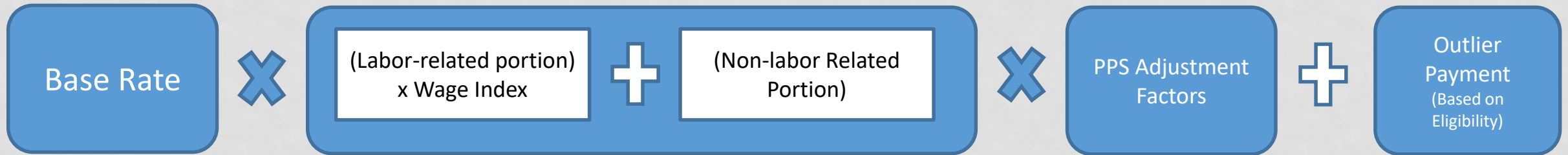
- Background on End-Stage Renal Disease (ESRD) Prospective Payment System
- Update of the ESRD PPS Base Rate
- Update of wage index and wage index floor
- Update to outlier policy
- Impact Analysis
- Payment for dialysis services for patients with acute kidney injury
- Changes to the ESRD Quality Incentive Program (ESRD QIP)
  - Background
  - Changes

# BACKGROUND

- ESRD PPS bundled payment: single, per treatment payment for all approved renal dialysis services provided to patients for the treatment of ESRD either in a facility or in a patient's home
- Payment rate adjusted based on:
  - Case mix
    - Based on patient characteristics; includes both adult and pediatric adjustments
  - Facility adjustments
    - Low-volume
    - Rural
    - Wage index
- Applies to approximately 6,750 facilities

# FORMULA

## End-Stage Renal Disease PPS Payment Calculation:



\*The PPS Adjustment Factors include adjustments for patient and facility characteristics.

# ESRD PPS BASE RATE UPDATE

## Market Basket Update

Less Multi-Factor Productivity

1.9%

-0.6%

Less Cuts Mandated by the Social Security Act

-1.0%

## TOTAL IMPACT

**0.3%**

CY 2017 Base Rate = \$231.55	Adjustments	CY 2018 Base Rate = \$232.37
Wage Index Budget-Neutrality Adjustment Factor	1.000531	(\$231.55 x 1.000531 = \$231.67)
Market basket increase	1.003	(\$231.67 x 1.003 = \$232.37)

# WAGE INDEX UPDATE

- Adjusted to account for updated wage levels in areas where ESRD facilities are located
- ESRD PPS wage index values are calculated **without regard to geographic reclassifications** (pre-reclass wage index) and are unadjusted for occupational mix
- CY 2018 Wage Index Floor = 0.4000
- Wage index is applied to the labor-related share of the base rate
  - For CY 2018, the **labor-related share** to which the wage index would be applied is **50.673 percent**

# OUTLIERS

- Facility eligible for outlier payment when the per treatment Medicare Allowable Payment (MAP) amount for ESRD outlier services exceeds the predicted MAP amount plus the fixed-dollar loss (FDL) amount

	Age < 18	Age >= 18
Average outlier services MAP amount per treatment	\$37.41	\$44.27
Standardization for outlier services	1.0177	0.9774
MIPPS reduction	0.98	0.98
Adjusted average outlier services MAP amount	\$37.31	\$42.41
Fixed-dollar loss amount	\$47.79	\$77.54

# IMPACT ANALYSIS

- CY 2018 updates increase total payments by 0.5% compared to CY 2017
  - **Hospital-based ESRD facilities** → Projected **increase** in total payments of **0.7%**
  - **Freestanding ESRD facilities** → Projected **increase** in total payments of **0.5%**



# PAYMENT FOR DIALYSIS SERVICES FOR PATIENTS WITH ACUTE KIDNEY INJURY (AKI)

- Payment rate for AKI dialysis:
  - Updated to equal the final CY 2018 ESRD PPS base rate
  - Applies the same wage index adjustments as ESRD PPS
- **Final AKI Payment Rate = \$232.37**

# CHANGES TO ESRD QUALITY INCENTIVE PROGRAM

- The ESRD QIP changes the way Medicare pays for renal dialysis services by linking a portion of the payment directly to facility performance on quality measures
  - Reduction of up to 2% if minimum total performance score is not met
- Changes to the ESRD QIP include:
  - Finalized changes to performance score certificate (PSC) starting PY 2019
  - Changes to Extraordinary Circumstances Exception (ECE) policy
    - Seeking to align policy with that of other programs
  - Updated list of measures for PY 2021

# CHANGES TO ESRD QUALITY INCENTIVE PROGRAM

## PY 2019 Changes to Facility- posted Performance Score Certificate (PSC)

- Posted certificate to include:
  - Total performance score (TPS) achieved by facility
  - Comparison between data for facility's TPS versus the national TPS
  - Facility performance result for each individual measure with respect to the year involved
  - Comparison between facility's individual performance scores versus the national performance score for each measure

## PY 2020 ESRD QIP Requirements

- Extraordinary Circumstances Exception (ECE) policy Changes
  - Facility may submit form signed by facility's CEO/other designated personnel within 90 days of the EC
  - Expansion of reasons to include CMS data system issues preventing data submission
  - Ability to request ECE if normal operations are significantly affected by conditions beyond control
- Finalized minimum TPS at 59
- Finalized reduction scale

## PY 2021 ESRD QIP Requirements

- 16 measures were finalized in CY 2017 for PY 2020
- For PY 2021 – Replacing 2 VAT Clinical Measures with Hemodialysis Vascular Access measures:
  - Standardized Fistula Rate Clinical Measure
  - Long-Term Catheter Rate Clinical Measure
- Revision of Standardized Transfusion Ratio Clinical Measure
  - More restrictive definition of transfusion events

# NEW HEALTH ANALYTICS

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PERFORMANCE INSIGHT