

Dialysis Facilities Reverse CMS Predictions, Opting for Full Bundle Over Blended Payments

By Rachel Shaffer

Dialysis facilities nationwide overwhelmingly opted to begin receiving a fully bundled payment for dialysis treatments beginning on January 1, 2011. Over 90 percent of facilities elected to be paid entirely under the bundle in 2011, upending the Center for Medicare and Medicaid Services' (CMS) projection that just 43 percent of dialysis facilities would choose the full bundle in its first year, according to a recent survey of nearly 4500 facilities (Table 1). The difference between estimate and outcome will likely affect the amount of the "transition adjuster" payment cut applied to facilities during the phase-in of the bundle (which lasts from January 1 to December 31, 2010).

CMS was required by the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 to give dialysis facilities

the choice of receiving fully bundled payments in the first year of the new bundled payment system, or to transition into the new system over four years, receiving a blended payment amount of what a payment would have been under the current composite rate system and the new bundled payment amount (Table 2). Facilities had until November 1, 2010, to make a one-time election to opt into the fully bundled payment system. Facilities that did not communicate to CMS a choice to receive fully bundled payments will automatically receive the blended payments until the termination of the transition period (January 1, 2014), when all facilities will be paid the bundled amount.

During the transition period, CMS is also required by MIPPA to maintain budget neutrality (to ensure that costs during the tran-

sition period are not greater than they otherwise would have been in the absence of a transition). CMS calculated that it needed to impose a 3.1 percent reimbursement rate reduction known as the "transition adjuster" on all facilities—both those paid entirely under the bundle and those receiving a blended payment—in 2011 to achieve budget neutrality. However, these calculations were based on its assumption that just 43 percent of facilities would opt to receive bundled payments.

Because far more facilities will receive fully bundled payments in 2011 than CMS estimated, many in the kidney care community are calling for the agency to revise the transition adjuster. According to recent estimates by the Moran Company—a Washington, DC-based consulting firm—in order to maintain budget neutrality

CMS should set the transition adjuster at approximately 0.39 percent, rather than 3.1 percent.

Working with providers and other kidney care organizations, ASN has been advocating for key members of Congress to recalculate the transition adjuster based on the actual number of facilities that will receive blended payments. In late October, eight Senators sent a letter to CMS Administrator Donald Berwick, MD, conveying concerns that a 3.1 percent transition adjuster might have a negative impact on patients and access to quality care if not recalculated. ●

To access more resources on bundled payments and other coming changes in the Medicare ESRD program, and to read ASN's analysis of the ESRD Final Rule, please visit www.asn-online.org.

Table 1
CMS projection for percentage of dialysis facilities opting into bundled payments in 2011 versus actual facility decisions

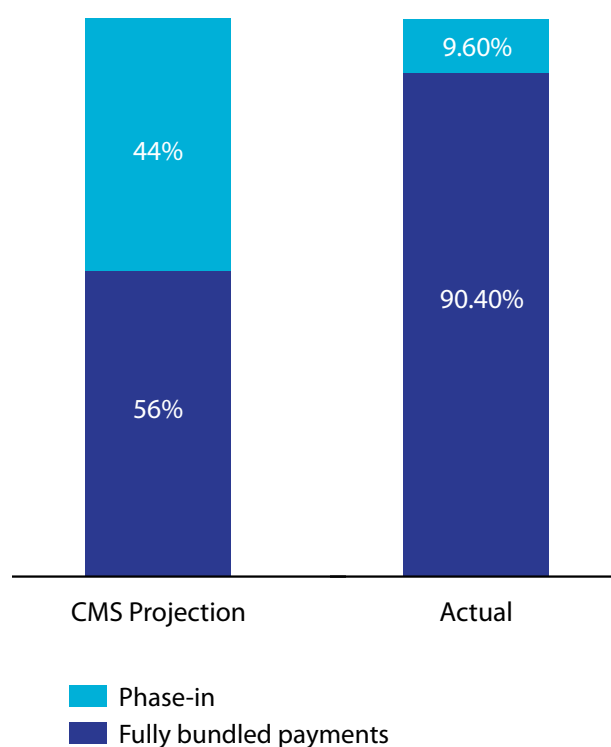


Table 2
Transition period "phase-in" payments

