Issue Brief

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CMS Finalizes Update to ESRD PPS for CY 2017

KEY POINTS

- CMS projects that the payment changes will increase the total payments to ESRD facilities by 0.73 percent and in aggregate, ESRD payments are expected to increase by approximately $80 million between 2016 and 2017.

The Centers for Medicare & Medicaid Services has issued a final rule to update payment policies and rates under the End-Stage Renal Disease Prospective Payment System for renal dialysis services furnished on or after Jan. 1, 2017 (calendar year (CY) 2017).

The rule also makes numerous and significant changes to the ESRD Quality Incentive Program.

Further, the rule implements the Trade Preferences Extension Act of 2015 provisions regarding the coverage and payment of renal dialysis services furnished by ESRD facilities to individuals with acute kidney injury.

The 467-page proposal is schedule for publication in the Nov. 4 *Federal Register*. A copy of the display version is currently available at: https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-26152.pdf. This link will be superseded upon publication.

The rule also addresses issues related to the durable medical equipment, prosthetics, orthotics, and supplies Competitive Bidding Program. Those items are not analyzed below.

Comment

CMS provides an excellent executive summary that succinctly identifies most of the issues being addressed and corresponding final changes. CMS clearly identifies its final actions after responding to comments.

However, as noted in other analysis, CMS does not provide page numbers, or at a minimum, full section citations. CMS says that "to assist readers in referencing sections contained in [its] preamble, we are providing a Table of Contents." The table of contents is some 11 pages. Trying to find a particular section is difficult to say the least. Again, it is time for CMS to restructure its rules and provide more complete section references.

CMS estimates that Medicare spending (total Medicare program payments) for ESRD facilities in CY 2017 will be approximately $9.6 billion.

CMS estimates that the aggregate ESRD PPS expenditures will increase by approximately $80 million from CY 2016 to CY 2017. This reflects a $60 million increase from the payment rate update and a $20 million increase due to the updates to the outlier threshold amounts. The later increase is not because of rate changes but because CMS continues to underpay outliers, and by modifying the outlier threshold, CMS will pay more for outliers.

The overall impact of the CY 2017 changes is projected to be a 0.73 percent increase in payments. Hospital-based ESRD facilities have an estimated 0.9 percent increase in payments compared with freestanding facilities with an estimated 0.7 percent increase.

The regulatory clearance system is complex. Nonetheless, it would have been better for CMS to deal with DMEPOS issues in a separate rule rather than piggybacking on this one.

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SUMMARY OF MAJOR CHANGES TO THE CALENDAR YEAR 2017 END-STAGE RENAL DISEASE PROSPECTIVE PAYMENT SYSTEM

- Update to the ESRD PPS base rate for CY 2017

For CY 2017, the ESRD PPS base rate is $231.55 (proposed at $231.04). This amount reflects a final marketbasket increase (0.55 percent), as well as the application of a training budget-neutrality adjustment factor (0.999737). The current rate is $230.04.

- Final CY 2017 ESRD Marketbasket Update, Productivity Adjustment, and Labor-Related Share for the ESRD PPS

Section 217(b)(2)(A) of the Protecting Access to Medicare Act of 2014, requires CMS to reduce the marketbasket rate of increase by 1.25 percent. This marketbasket is estimated to be 2.1 percent, less the 1.25 percent adjustment as required by PAMA, and further reduced by a 0.3 percent Multi Factor Productivity update results in a 0.55 update factor.

The labor related share remains at 50.673 percent.

- Annual update to the wage index and wage index floor

For CY 2017, CMS is not making any changes to the application of the wage index floor and CMS will continue to apply the current wage index floor (0.400) to areas with wage index values below the floor.

The final CY 2017 wage index values for urban areas are listed in Addendum A (Wage Indices for Urban Areas) and the final CY 2017 wage index values for rural areas are listed in Addendum B (Wage Indices for Rural Areas). Addenda A and B are located on CMS' website at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ESRDpayment/End-Stage-Renal-Disease-ESRD-Payment-Regulations-and-Notices.html.

- Update to the outlier policy

The 1.00 percent target for outlier payments was not achieved in CY 2015.

Based on the use of more current data, the fixed-dollar loss amount for pediatric beneficiaries will increase from $62.19 to $68.49 and the maximum allowable payment amount will decrease from $39.20 to $38.29, as compared to CY 2016 values. For adult beneficiaries, the fixed-dollar loss amount will decrease from $86.97 to $82.92 and the MAP amount will decrease from $50.81 to $45.00.

Comment

Once again, CMS has failed to pay the full ESRD outlier amount in CYs 2014 and 2015. It seems that CMS under estimates outlier payments in most of the various PPS programs much more so than it overpays. CMS states that payments under the outlier policy have not reached 1.0 percent of total ESRD PPS payments since the implementation of the payment system. Yet, nowhere is CMS held accountable for such. Such accountability is long overdue.

- Payment for hemodialysis when more than three treatments are furnished per week

For CY 2017, for adult patients, CMS proposed to calculate a per treatment payment amount that would be based upon the number of treatments prescribed by the physician and would be composed of the ESRD PPS base rate as adjusted by applicable patient and facility level adjustments, the home dialysis training add-on (if applicable),

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and the outlier payment adjustment (if applicable).

CMS is not finalizing its proposal for payment for HD when more than three treatments are furnished per week. "Based on the feedback from commenters regarding the administrative burden associated with this policy, we have determined that the best course is not to finalize this policy and, instead, to evaluate other billing mechanisms to collect data on the treatments provided to beneficiaries. We are reiterating that facilities are expected to report all dialysis treatments provided, whether they are separately paid or not paid. However, we reiterate that we are finalizing our proposal to pay the full ESRD PPS base rate for all training treatments even when they exceed 3 times per week with a limit of 25 sessions as proposed."

- The home and self-dialysis training add-on payment adjustment

The current (CY 2016) amount of the home dialysis training add-on is $50.16, which reflects 1.5 hours of training by a nurse per treatment.

CMS is finalizing its proposal to base the payment for home dialysis training on 2.66 hours of treatment time ((.67 x 2 hours) + (.33 x 4 hours) = 2.66 hours) resulting in a training add-on payment of $95.60 (2.66 hours x $35.94 = $95.60). This provides an increase of $45.44 per training treatment (that is, $95.60 – $50.16 = $45.44). "This approach provides a significant increase in payment for home dialysis training for CY 2017 while maintaining consistent payment for both PD and HD modalities. We intend to apply the above referenced payment amount, without adjustment, until we have empirical evidence for a change, which could increase or decrease the home dialysis training add-on payment amount."

- Coverage and Payment for Renal Dialysis Services Furnished to Individuals with Acute Kidney Injury

CMS is finalizing § 413.371 as proposed to define an individual with AKI as an individual who has acute loss of renal function and does not receive renal dialysis services for which payment is made under section 1881(b)(14) of the Act.

The CY 2017 final ESRD PPS base rate is $231.55. Accordingly, CMS is finalizing a CY 2017 payment rate for renal dialysis services furnished by ESRD facilities to individuals with AKI as $231.55. Also, CMS is finalizing application of the wage index to the AKI dialysis payment rate and the accompanying regulation at § 413.372(a) as proposed.

Drugs, biologicals, laboratory services, and supplies that are considered to be renal dialysis services under the ESRD PPS would be considered to be renal dialysis services for patients with AKI. As such, no separate payment would be made for renal dialysis drugs, biologicals, laboratory services, and supplies that are included in the ESRD PPS base rate when they are furnished by an ESRD facility to an individual with AKI.

END-STAGE RENAL DISEASE QUALITY INCENTIVE PROGRAM

Comment

The issue of quality continues to grow as noted in the material below. The required data elements have a bottom line impact on payments. The jury is still out if the reported information is achieving desired results.

Changes to the Requirements for the Payment Year 2018 ESRD QIP

1. Correcting the Small Facility Adjuster Policy for PY 2018

For the standardized ratio measures,

continued

such as the Standardized Readmission Ratio and Standardized Transfusion Ratio clinical measures, the national mean measure rate (that is, P^{-}) is set to 1.

CMS is finalizing its proposal to correct the description of the SFA methodology such that, for the standardized ratio measures such as the SRR and STrR clinical measures, P^{-} is set to the benchmark, which is the 90th percentile of national facility performance. The purpose of this policy change is to ensure that small facilities are not adversely impacted by outlier patients and that facilities are being fairly scored on their actual performance regardless of their size.

2. Changes to the Hypercalcemia Clinical Measure

CMS proposed to update the measure's technical specifications for PY 2018 and future years to include two substantive changes to the Hypercalcemia clinical measure. First, plasma would be added as an acceptable substrate in addition to serum calcium. Second, the denominator definition would change to include patients regardless of whether any serum calcium values were reported at the facility during the 3-month study period.

CMS is finalizing the changes to the hypercalcemia measure's technical specifications for PY 2019 and future years, rather than for PY 2018 as proposed.

Requirements for the PY 2019 ESRD QIP

1. New Measures for the PY 2019 ESRD QIP

a. Reintroduction of the Expanded NHSN Dialysis Event Reporting Measure

CMS proposed to reintroduce an expanded NHSN Dialysis Event Reporting Measure, beginning with PY 2019.

CMS is finalizing its proposal to re-introduce the NHSN Dialysis Event Reporting Measure to the ESRD QIP beginning with PY 2019 as proposed

b. NHSN Dialysis Event Reporting Measure

CMS will assign, as proposed, the following scores for reporting different quantities of data.

Scoring Distribution for the NHSN Dialysis Event Reporting Measure:

Number of Reporting Months:
12 months = 10 points
6-11 months = 2 points
0-5 months = 0 points

2. New Measure Topic Beginning with the PY 2019 ESRD QIP

CMS proposed and will create a new NHSN BSI Measure Topic consisting of the following two measures:

(i) NHSN Bloodstream Infection in Hemodialysis Patients, a clinical measure
(ii) NHSN Dialysis Event Reporting Measure.

3. Establish a New Safety Measure Domain

CMS will remove the Safety Subdomain from the Clinical Measure Domain for PY 2019 and future payment years, and will add a new third domain, the Safety Measure Domain, to the ESRD QIP's scoring methodology.

4. Scoring the NHSN BSI Measure Topic

The NHSN Dialysis Event Reporting Measure will be weighted at 40 percent of the measure topic score and the NHSN BSI Clinical Measure will be weighted at 60 percent of the measure topic score.

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5. Estimated Performance Standards, Achievement Thresholds, and Benchmarks for the Clinical Measures Finalized for the PY 2019 ESRD Q

In the table below, CMS has provided the numerical values for all of the finalized PY 2019 ESRD QIP clinical measures.

Finalized Numerical Values for the Performance Standards for the PY 2019 ESRG QIP Clinical Measures Using the Most Recently Available Data

Measure	Achievement Threshold	Benchmark	Performance Standard
Vascular Access Type			
%Fistula	53.66%	79.62%	65.93%
%Catheter	17.20%	2.95%	9.19%
Kt/V Composite	87.22%	97.74%	93.16%
Hypercalcemia	4.15%	0.32%	1.83%
Standardized Transfusion Ratio	1.564	0.336	0.894
Standardized Readmission Ratio	1.289	0.624	0.998
NHSN Bloodstream Infection	1.738	0	0.797
SHR measure	1.244	0.665	0.967
ICH CAHPS: Nephrologists' Communication and Caring	56.41%	76.93%	65.87%
ICH CAHPS: Quality of Dialysis Center Care and Operations	52.88%	71.15%	60.74%
ICH CAHPS: Providing Information to Patients	72.10%	85.54%	78.54%
ICH CAHPS: Overall Rating of Nephrologists	49.37%	76.54%	62.17%
ICH CAHPS: Overall Rating of Dialysis Center Staff	48.63%	77.41%	62.24%
ICH CAHPS: Overall Rating of the Dialysis Facility	51.10%	80.45%	65.02%

6. Weighting for the Safety Measure Domain and Clinical Measure Domain for PY 2019

CMS will finalize the weighting structure for PY 2019 as proposed. CMS is also finalizing a new policy that to be eligible to receive a total payment score, a facility must be eligible for at least one measure in the Clinical Measure Domain and at least one measure in the Reporting Measure Domain.

Final Clinical Measure Domain Weighting for the PY 2019

Measures/Measure Subdomain	Measure Weight in the Clinical Measure Domain Score (Proposed for PY 2019)	Measure Weight as Percent of TPS (Proposed for PY 2019)
Patient and Family Engagement/ Care Coordination Subdomain	42%	
ICH CAHPS measure	26%	19.5%
SRR measure	16%	12%
Clinical Care Subdomain	58%	
STrR measure	12%	9%
Dialysis Adequacy measure	19%	14.25%
Vascular Access Type measure topic	19%	14.25%
Hypercalcemia measure	8%	6%

Note: For PY 2019, the Clinical Domain will make up 75 percent of a facility's TPS. The percentages listed in this Table represent the measure weight as a percent of the Clinical Domain Score

7. Example of the PY 2019 ESRD QIP Scoring Methodology

In this section, which begins on page 208 of the display copy, CMS provides several examples to illustrate the scoring methodology for PY 2019.

8. Payment Reductions for the PY 2019 ESRD QIP

CMS is finalizing that the minimum TPS for PY 2019 will be 60. CMS is also finalizing a payment reduction scale shown in the table below.

Payment Reduction Scale for PY 2019 Based On the Most Recently Available Data	
Total Performance Score	**Reduction**
100 – 60	0.0%
50 – 59	0.5%
40 – 49	1.0%
30 – 39	1.5%
29 – 0	2.0%

Requirements for the PY 2020 ESRD QIP

1. Replacement of the Mineral Metabolism Reporting Measure Beginning with the PY 2020 Program Year

CMS will, as proposed, remove the Mineral Metabolism Reporting Measure from the ESRD QIP measure set beginning with the PY 2020 program and will replace that measure with a Serum Phosphorus Reporting measure.

2. Measures for the PY 2020 ESRD QIP

a. PY 2019 Measures Continuing for PY 2020 and Future Payment Years

CMS previously finalized 12 measures in the CY 2016 ESRD PPS final rule for the PY 2019 ESRD QIP. CMS will continue to use 11 of these measures in the PY 2020 ESRD QIP. As noted above, CMS is proposing to replace the Mineral Metabolism Reporting Measure with the Serum Phosphorus Reporting Measure and CMS will

continued

reintroduce the NHSN Dialysis Event Reporting Measure into the ESRD QIP measure set beginning with PY 2019.

The following table identifies 13 ESRD QIP measures that will be continued in PY 2020.

PY 2019 ESRD QIP Measures Being Continued in PY 2020	
NQF #	**Measure Type and Description**
257	Vascular Access Type: AV Fistula, a clinical measure Percentage of patient-months on hemodialysis during the last hemodialysis treatment of the month using an autogenous AV fistula with two needles
0256	Vascular Access Type: Catheter > 90 days, a clinical measure Percentage of patient-months for patients on hemodialysis during the last hemodialysis treatment of month with a catheter continuously for 90 days or longer prior to the last hemodialysis session
N/A	National Healthcare Safety Network (NHSN) Bloodstream Infection in Hemodialysis Patients, a clinical measure The Standardized Infection Ratio (SIR) of Bloodstream Infections (BSI) will be calculated among patients receiving hemodialysis at outpatient hemodialysis centers
1454	Hypercalcemia, a clinical measure Proportion of patient-months with 3-month rolling average of total uncorrected serum calcium greater than 10.2 mg/dL
N/A	Standardized Readmission Ratio, a clinical measure Standardized hospital readmissions ratio of the number of observed unplanned 30-day readmissions to the number of expected unplanned readmissions
N/A	Standardized Transfusion Ratio, a clinical measure Risk-adjusted standardized transfusion ratio for all adult Medicare dialysis patients. Number of observed eligible red blood cell transfusion events occurring in patients dialyzing at a facility to the number of eligible transfusions that would be expected
0258	In-Center Hemodialysis Consumer Assessment of Healthcare Providers and Systems (ICH CAHPS) Survey Administration, a clinical measure Facility administers, using a third-party CMS-approved vendor, the ICH CAHPS survey twice in accordance with survey specifications and submits survey results to CMS
N/A	Anemia Management Reporting, a reporting measure Number of months for which facility reports ESA dosage (as applicable) and hemoglobin/hematocrit for each Medicare patient
N/A	Pain Assessment and Follow-Up, a reporting measure Facility reports in CROWNWeb one of six conditions for each qualifying patient once before August 1 of the performance period and once before February 1 of the year following the performance period
N/A	Clinical Depression Screening and Follow-Up, a reporting measure Facility reports in CROWNWeb one of six conditions for each qualifying patient once before February 1 of the year following the performance period
N/A	NHSN Healthcare Personnel Influenza Vaccination, a reporting measure Facility submits Healthcare Personnel Influenza Vaccination Summary Report to CDC's NHSN system, according to the specifications of the Healthcare Personnel Safety Component Protocol, by May 15 of the performance period

PY 2019 ESRD QIP Measures Being Continued in PY 2020	
NQF #	**Measure Type and Description**
N/A	Kt/V Dialysis Adequacy Comprehensive Clinical Measure Percentage of all patient months for patients whose average delivered dose of dialysis (either hemodialysis or peritoneal dialysis) met the specified threshold during the reporting period
NA	NHSN Dialysis Event Reporting Measure (Proposed for PY 2019 in Section IV.C.1.a. of the proposed rule)

b. New Clinical Measures Beginning with the PY 2020 ESRD QIP
The PY 2020 ESRD QIP measure set contains eight clinical measures and seven reporting measures encompassing anemia management, dialysis adequacy, vascular access type, patient experience of care, infections, mineral metabolism management, safety, pain management, depression management, and hospital readmissions. CMS has finalized two additional measures for PY 2020 as noted below.

i. Serum Phosphorus Reporting Measure
CMS is adopting a Serum Phosphorus Reporting Measure based on a serum phosphorus measure that is endorsed by the NQF (NQF #0255), which evaluates the extent to which facilities monitor and report patient phosphorus levels beginning in PY 2020.

ii. Ultrafiltration Rate Reporting Measure
The Ultrafiltration Rate reporting measure is based upon the NQF-endorsed Avoidance of Utilization of High Ultrafiltration Rate (>/= 13 ml/kg/hr) (NQF #2701). This measure assesses the percentage of patient-months for patients with an ultrafiltration rate greater than or equal to 13 ml/kg/hr.

Performance Standards etc. for the PY 2020 Reporting Measures

There is much detail about scoring and performance periods beginning on page 291 of the display copy that requires detailed review by those involved in quality reporting requirements.

The table below shows the weights being finalized for PY 2020.

Finalized Clinical Measure Domain Weighting for the PY 2020 ESRD QIP		
Measures/Measure Topics by Subdomain	**Measure Weight in the Clinical Domain Score (Proposed for PY 2020)**	**Measure Weight as Percent of TPS (Updated)**
Patient and Family Engagement/Care Coordination Subdomain	**40%**	
ICH CAHPS measure	25%	18.75%
SRR Measure	15%	11.25%
Clinical Care Subdomain	**60%**	
STrR measure	11%	8.25%
Dialysis Adequacy measure	18%	13.5%
Vascular Access Type measure topic	18%	13.5%
Hypercalcemia measure	2%	1.5%
SHR measure	11%	8.25%

Analysis provided for MHA by Larry Goldberg, Goldberg Consulting

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