

Issue Brief

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KEY POINTS

- Spending for ESRD facilities in CY 2018 is expected to increase by \$100 million for a total of \$10 billion.
- CMS also projects that due to the quality incentive program, CMS will save \$29 million in 2021.

CMS Issues Proposed Update to the ESRD PPS for CY 2018

The Centers for Medicare & Medicaid Services has issued a proposed rule to update payment policies and rates under the End-Stage Renal Disease PPS for renal dialysis services furnished on or after January 1, 2018 (calendar year 2018).

The rule will be published in the July 5th *Federal Register* and provides a 60-day comment period ending August 28. The display copy is currently available at: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2017-13908.pdf>. This link will be superseded upon publication.

In addition, the rule proposes updates to the acute kidney injury dialysis payment rate to individuals with AKI.

The rule also proposes changes to the ESRD Quality Incentive Program, including for payment years 2019, 2020 and 2021. The proposed rule includes updates to the Extraordinary Circumstances Exception Policy, Performance Score Certificate, National Healthcare Safety Network dialysis event data validation sampling methodology, and quality measures. The proposed rule also requests comments on how to include individuals with AKI in the ESRD QIP and the feasibility and appropriateness of accounting for social risk factors in the program.

COMMENT

The proposal contains an excellent executive summary that succinctly identifies most of the issues being addressed. CMS estimates that the proposed revisions will result in an increase of approximately \$100 million in payments to ESRD facilities, which includes the amount associated with updates to the outlier thresholds, outlier policy and updates to the wage index. CMS is estimating approximately \$2 million would be paid to ESRD facilities for dialysis treatments provided to AKI beneficiaries.

CMS estimates that Medicare spending (total Medicare program payments) for ESRD facilities in CY 2018 would be approximately \$10.0 billion. This estimate takes into account a projected increase in fee-for-service Medicare dialysis beneficiary enrollment of 1.8 percent. When this program commenced in 1973, its total outlay was approximately \$277 million and covered 11,000 beneficiaries.

For payment year 2021, CMS estimates that the proposed revisions to the ESRD QIP will result in a savings of \$29 million, which includes a zero incremental burden due to collection of information requirements and \$29 million in estimated payment reductions across all facilities.

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SUMMARY OF MAJOR PAYMENT CHANGES TO THE CY 2018 ESRD PPS

Update for CY 2018

The proposed CY 2018 ESRD PPS base rate would be \$233.31, an increase of \$1.76 over the current CY 2017 rate.

The proposed CY 2018 End-Stage Renal Disease Bundled market basket increase factor is 2.2 percent. As required by section 1881(b)(14)(F)(I)(i) of the Act and as amended by section 217(b)(2) of the Protecting Access to Medicare Act of 2014 Act, CMS must reduce the amount of the market basket increase factor by 1.0 percent, resulting in an increase factor of 1.2 percent. This amount is further reduced by a Multi Factor Productivity adjustment projected to be 0.5 percent. As a result, the proposed CY 2018 ESRD market basket increase is 0.7 percent.

With the application of a wage index budget-neutrality adjustment factor of 1.000605, the current rate of \$231.55 is increased to $(\$231.55 \times 1.007 \times 1.000605)$ \$233.31.

CMS proposes to continue using a labor-related share of 50.673 percent for the ESRD PPS payment.

Annual update to the wage index

The ESRD wage indices are adjusted on an annual basis using the most current hospital wage data and the latest Core-Based Statistical Area delineations. For CY 2018, CMS is not proposing any changes to the application of the wage index floor and proposes to continue to apply the current wage index floor (0.4000) to areas with wage index values below the floor.

The proposed CY 2018 wage index values for urban areas are listed in Addendum A (Wage Indices for Urban Areas) and the proposed CY 2018 wage index values for rural areas are listed in Addendum B (Wage Indices for Rural Areas) both 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

CMS is proposing to update the outlier services fixed-dollar loss amounts for adult and pediatric patients and Medicare Allowable Payment amounts using CY 2016 claims data.

The FDL amount for pediatric beneficiaries would decrease from \$68.49 to \$49.55 and the MAP amount would decrease from \$38.29 to \$38.25, as compared to CY 2017 values.

For adult beneficiaries, the FDL amount would increase from \$82.92 to \$83.12 and the MAP amount would decrease from \$45.00 to \$42.70.

The 1.0 percent target for aggregate outlier payments was not achieved in CY 2016. Outlier payments represented approximately 0.78 percent of total payments rather than 1.0 percent.

The estimates for the proposed CY 2018 outlier policy, are included in Column II of table below, were inflation adjusted to reflect projected 2018 prices for outlier services.

Outlier Policy: Impact of Using Updated Data to Define the Outlier Policy

	Column I Final outlier policy for CY 2017 (based on 2015 data, price inflated to 2017)*		Column II Proposed outlier policy for CY 2018 (based on 2016 data, price inflated to 2018)	
	Age < 18	Age >= 18	Age < 18	Age >= 18
Average outlier services MAP amount per treatment	\$38.77	\$47.00	\$38.20	\$44.52
Adjustments				
Standardization for outlier services	1.0078	0.9770	1.0218	0.9788
MIPPA reduction	0.98	0.98	0.98	0.98
Adjusted average outlier services MAP amount	\$38.29	\$45.00	\$38.25	\$42.70
Fixed-dollar loss amount that is added to the predicted MAP to determine the outlier threshold	\$68.49	\$82.92	\$49.55	\$83.12
Patient-months qualifying for outlier payment	4.6%	6.7%	7.4%	6.3%

Update to the pricing of drugs and biologicals under the outlier policy

CMS is proposing a change to the ESRD PPS outlier policy to allow the use of any pricing methodology available under section 1847A of the Act to determine the cost of certain eligible outlier service drugs and biologicals in computing outlier payments when average sales price data is not available.

CY 2018 PAYMENT FOR RENAL DIALYSIS SERVICES FURNISHED TO INDIVIDUALS WITH ACUTE KIDNEY INJURY

CMS is proposing a CY 2018 per treatment payment rate of \$233.31 for renal dialysis services furnished by ESRD facilities to individuals with AKI.

END-STAGE RENAL DISEASE QUALITY INCENTIVE PROGRAM

Proposed Change to the Performance Score Certificate Beginning with the PY 2019 ESRD QIP

Beginning in PY 2019, CMS is proposing to shorten the Performance Score Certificates to make the document simpler and easier to understand. Specifically, CMS is proposing that the revised PSC would indicate the facility's total performance score for the applicable payment year, information sufficient to identify the facility, and information showing how well the facility performed compared to the national average.

Proposal to Clarify the Minimum Data Policy for Scoring Measures Finalized for the PY 2020 ESRD QIP

The table below displays the proposed patient minimum requirements for each of the measures finalized for PY 2020, as well as the proposed CMS Certification Number Open Dates after which a facility would not be eligible to receive a score on a reporting measure.

Proposed Minimum Data Requirements For The Py 2020 ESRD QIP

Measure	Minimum Data Requirements	CCN Open Date	Small Facility Adjuster
Dialysis Adequacy (Clinical)	11 qualifying patients	N/A	11-25 qualifying patients
Vascular Access Type: Catheter (Clinical)	11 qualifying patients	N/A	11-25 qualifying patients
Vascular Access Type: Fistula (Clinical)	11 qualifying patients	N/A	11-25 qualifying patients
Hypercalcemia (Clinical)	11 qualifying patients	N/A	11-25 qualifying patients
NHSN Bloodstream Infection (Clinical)	11 qualifying patients	Before January 1, 2018	11-25 qualifying patients
NHSN Dialysis Event (Reporting)	11 qualifying patients	Before January 1, 2018	11-25 qualifying patients
SRR (Clinical)	11 index discharges	N/A	11-41 index discharges
STrR (Clinical)	10 patient-years at risk	N/A	10-21 patient years at risk
SHR (Clinical)	5 patient-years at risk	N/A	5-14 patient-years at risk
ICH CAHPS (Clinical)	Facilities with 30 or more survey-eligible patients during the calendar year preceding the performance period must submit survey results. Facilities will not receive a score if they do not obtain a total of at least 30 completed surveys during the performance period.	Before January 1, 2018	N/A
Anemia Management (Reporting)	11 qualifying patients	Before July 1, 2018	N/A
Serum Phosphorus (Reporting)	11 qualifying patients	Before July 1, 2018	N/A
Depression Screening and Follow-Up (Reporting)	11 qualifying patients	Before July 1, 2018	N/A
Pain Assessment and Follow-Up (Reporting)	11 qualifying patients	Before July 1, 2018	N/A
NHSN Healthcare Personnel Influenza Vaccination (Reporting)	N/A	Before January 1, 2018	N/A
Ultrafiltration Rate (Reporting)	11 qualifying patients	Before July 1, 2018	N/A

Proposed Changes to the Extraordinary Circumstances Exception Policy

Many of CMS' quality reporting and value-based purchasing programs share a common process for requesting an exception from program reporting due to an extraordinary circumstance not within a facility's control.

In reviewing the policies for these programs, CMS notes that there are five areas in which these programs have variance in comparison to the policy within the ESRD QIP regarding ECE requests. These are: (1) allowing the facilities or hospitals to submit a form signed by the facility's or hospital's CEO versus CEO or designated personnel;



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(2) requiring the form be submitted within 30 days following the date that the extraordinary circumstance occurred versus within 90 days following the date the extraordinary circumstance occurred; (3) inconsistency regarding specification of a timeline for CMS to provide a response notifying the facility or hospital of CMS' decision; (4) inconsistency regarding whether CMS would grant ECEs based on a facility's inability to timely and completely report data due to CMS data system issues; and (5) referring to this policy as "extraordinary extensions/exemptions" versus as "extraordinary circumstances exceptions."

CMS proposing to update these policies by: (1) allowing the facility to submit a form signed by the facility's CEO or designated personnel; (2) expanding the reasons for which an ECE can be requested to include an unresolved issue with a CMS data system, which affected the ability of the facility to submit data (an unresolved data system issue would be one which did not allow the facility to submit data by the data submission deadline and which was unable to be resolved with a work-around), and (3) specifying that a facility does not need to be closed in order to request and receive consideration for an ECE, as long as the facility can demonstrate that its normal operations have been significantly affected by an extraordinary circumstance outside of its control.

CMS is proposing that these policies would apply beginning with the PY 2020 ESRD QIP program, as related to extraordinary circumstance events that occur on or after January 1, 2018.

Estimated Performance Standards, Achievement Thresholds, and Benchmarks for the Clinical Measures Finalized for the PY 2020 ESRD QIP

ESRD Quality Incentive Program for Payment Year 2021

In the table below, CMS has provided the estimated numerical values for all finalized PY 2020 ESRD QIP clinical measures. CMS says it will publish updated values for the clinical measures, using data from the first part of CY 2017, in the CY 2018 ESRD PPS final rule.

Estimated Numerical Values for the Performance Standards for the PY 2020 ESRD QIP Clinical Measures Using the Most Recently Available Data			
Measure	Achievement Threshold	Benchmark	Performance Standard
Vascular Access Type (VAT)			
% Fistula	53.66%	79.62%	65.93%
%Catheter	17.20%	2.95%	9.19%
Kt/V Dialysis Adequacy Comprehensive	87.37%	97.74%	93.20%
Hypercalcemia	4.24%	0.32%	1.85%
STrR	1.488	0.421	0.901
SRR	1.271	0.624	0.998
NHSN BSI	1.738	0	0.797
Standardized Hospitalization Ratio measure	1.244	0.672	0.970
ICH CAHPS: Nephrologists' Communication and Caring	56.41%	77.06%	65.89%
ICH CAHPS: Quality of Dialysis Center Care and Operations	52.88%	71.21%	60.75%
ICH CAHPS: Providing Information to Patients	72.09%	85.55%	78.59%
ICH CAHPS: Overall Rating of Nephrologists	49.33%	76.57%	62.22%
ICH CAHPS: Overall Rating of Dialysis Center Staff	48.84%	77.42%	62.26%
ICH CAHPS: Overall Rating of the Dialysis Facility	51.18%	80.58%	65.13%



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Policy for Weighting the Clinical Measure Domain for PY 2020

The table below shows the weights finalized for PY 2020 for the Clinical Measure Domain.

Finalized Clinical Measure Domain Weighting for the PY 2020 ESRD QIP		
Measures/Measure Topics by Subdomain	Measure Weight in the Clinical Domain Score	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%
VAT measure topic	18%	13.5%
Hypercalcemia measure	2%	1.5%
SHR measure	11%	8.25%
Total	100% (of Clinical Measure Domain)	75% (of TPS)

CMS is not proposing any changes to these weights finalized in the CY 2017 ESRD PPS final rule

Proposed Payment Reductions for the PY 2020 ESRD QIP

Section 1881(h)(3)(A)(ii) of the Act requires the Secretary to ensure that the application of the ESRD QIP scoring methodology results in an appropriate distribution of payment reductions across facilities, such that facilities achieving the lowest TPS receive the largest payment reductions.

CMS is proposing that a facility failing to meet the minimum TPS, which CMS will finalize in the CY 2018 ESRD PPS final rule, will receive a payment reduction based on the estimated TPS ranges indicated in the table below.

Estimated Payment Reduction Scale for PY 2020 based on the Most Recently Available Data	
Total Performance Score	Reduction
100-61	0%
60-51	0.5%
50-41	1.0%
40-31	1.5%
30-21	2.0%

Data Validation

Beginning with PY 2020, CMS is proposing to continue conducting the same National Healthcare Safety Network dialysis event validation study that it finalized in the CY 2017 ESRD PPS final rule for PY 2019. However, CMS is proposing to adjust the sampling method used to select the 35 facilities in order to ensure that a

more-representative sample of high-performing and low-performing facility data can be analyzed.

Proposed Requirements for the PY 2021 ESRD QIP

CMS previously finalized 16 measures in the CY 2017 ESRD PPS final rule for the PY 2020 ESRD QIP. In accordance with CMS' policy to continue using measures unless it proposes to remove or replace them, CMS will continue to use all but 2 of these measures in the PY 2021 ESRD QIP.

CMS is proposing to replace the two VAT Clinical Measures with the proposed Hemodialysis Vascular Access: Standardized Fistula Rate Clinical Measure and the proposed Hemodialysis Vascular Access: Long-Term Catheter Rate Clinical Measure beginning with PY 2021.

Proposed Revision of the Standardized Transfusion Ratio Clinical Measure Beginning with the PY 2021 Program Year

The proposed updated specifications to the STrR measure contain a more restricted definition of transfusion events than is used in the current STrR measure. Specifically, the revised definition excludes inpatient transfusion events for claims that include only 038 or 039 revenue codes without an accompanying ICD-9 or ICD-10 Procedure Code or Value Code. CMS says as a result of requiring that all inpatient transfusion events include an appropriate ICD-9 or ICD-10 Procedure Code or Value Code, the measure will identify transfusion events more specifically and with less bias related to regional coding variation. As a result, it will assess a smaller number of events as well as a smaller range of total events.

Proposal for Weighting the Clinical Measure Domain for PY 2021

CMS proposes to weight the following measures in the following subdomains of the clinical measure domain

Proposed Measure Domain Weighting for the PY 2021 ESRD QIP		
Measures/Measure Topics by Subdomain	Measure Weight Within the Domain (Proposed for PY 2021)	Measure Weight as Percent of TPS (Proposed for PY 2021)
Clinical Measure Domain		
Patient and Family Engagement/Care Coordination Subdomain	40%	30%
ICH CAHPS Measure	25%	18.75%
SRR Measure	15%	11.25%
Clinical Care Subdomain	60%	45%
STrR measure	11%	8.25%
Kt/V Dialysis Adequacy Comprehensive Measure	18%	13.5%
Vascular Access Type Measure Topic	18%	13.5%
Hypercalcemia measure	2%	1.5%



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Proposed Measure Domain Weighting for the PY 2021 ESRD QIP		
Measures/Measure Topics by Subdomain	Measure Weight Within the Domain (Proposed for PY 2021)	Measure Weight as Percent of TPS (Proposed for PY 2021)
SHR Measure	11%	8.25%
Total: Clinical Measure Domain	100% of Clinical Measure Domain	75% of Total Performance Score
Reporting Measure Domain		
Serum Phosphorus reporting measure	20%	2%
Anemia Management reporting measure	20%	2%
Pain Assessment and Follow-Up reporting measure	20%	2%
Clinical Depression Screening and Follow-Up reporting measure	20%	2%
NHSN HCP Influenza Vaccination reporting measure	20%	2%
Total: Reporting Measure Domain	100% of Reporting Measure Domain	10% of Total Performance Score
Safety Measure Domain		
NHSN BSI Clinical Measure	60%	9%
NHSN Dialysis Event Reporting Measure	40%	6%
Total: Safety Measure Domain	100% of Safety Measure Domain	15% of Total Performance Score

FINAL COMMENT

The changes to the payment amounts are straight forward and easy to digest. The issues surrounding quality are much more complex. The quality discussions are in excess of 50 pages. Understanding reporting, scoring, and time frames require the input of clinical trained individuals to assess the changes being made.

Analysis provided for MHA
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