

ASN Member *Alert*

February 20, 2008

TO: ASN Members

FROM: ASN Policy Board

RE: CMS Report to Congress on a Fully Bundled Medicare Payment System for ESRD

Yesterday afternoon the Centers for Medicare and Medicaid Services (CMS) released a long-awaited report on End Stage Renal Disease (ESRD) bundling for dialysis services. The report to Congress includes analysis that CMS states “lays a solid foundation to implement a more accurate payment system, which would benefit patients.” The report is required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) and outlines the steps to be taken by Congress to implement a fully-bundled prospective payment system for dialysis services.

A major concern to ASN is that CMS has raised the possibility of including physicians' evaluation and management services encompassed in the monthly capitated payment (MCP) into an expanded bundle. This could potentially threaten the autonomy and independence of the nephrologist, as physician compensation for dialysis services could be determined by the dialysis provider.

CMS has proposed two ESRD bundled payment options. The following is a brief summary of the CMS proposal(s).

Broad bundle:

A broad bundle would include: composite rate services, ESRD-related separately billed injectable drugs, laboratory tests used in furnishing dialysis services that are not currently included in the composite rate, other dialysis related services, MCP physicians' services, outpatient vascular access maintenance, and ESRD-related outpatient hospital services.

- CMS states that it has not conducted the analysis needed to determine the feasibility of including MCP services, outpatient vascular access services, or ESRD-related outpatient hospital services in an expanded bundled.

Modified Bundle:

A modified bundle would include: composite rate services, ESRD-related separately billed injectable drugs, laboratory tests used in furnishing dialysis

services that are not currently included in the composite rate, and other dialysis related services (*e.g.*, syringes). Certain oral medications that substitute for injectable drugs commonly used in ESRD patients (*e.g.*, iron and vitamin D preparations) could also be included in the bundle.

- CMS notes that bundled payments for services furnished by dialysis facilities would cover 96 percent of composite rate and separately billable services, with payments to independent laboratories representing the remaining 4 percent.

The ASN Policy Board, ASN Practicing Nephrologists Advisory Group and the ASN Dialysis Advisory Group will closely monitor this issue and will forward any new information to our members as quickly as possible. In addition to developing our own advocacy plan, ASN is in contact with our sister societies - NKF, ASPN, and RPA - to discuss joint advocacy efforts on this issue.

For your information, we have provided a link to the CMS Report to Congress and the CMS Press Release.