



FACT SHEET

FOR IMMEDIATE RELEASE
November 2, 2012

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CMS ISSUES FINAL 2013 POLICY FOR ESRD PAYMENTS & INCENTIVES

The Centers for Medicare & Medicaid Services (CMS) today issued a final rule for calendar year (CY) 2013 that updates Medicare policies and payment rates for dialysis facilities paid under the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS). The final rule also strengthens incentives to improve quality of care and outcomes for patients through the ESRD Quality Incentive Program (QIP). Performance scores on the QIP measures during the 2013 performance period will be used to inform payments to dialysis facilities in payment year (PY) 2015.

Payment rates for outpatient maintenance dialysis treatments will increase by 2.3 percent in CY 2013. This reflects the ESRD bundled market basket increase of 2.9 percent reduced by a productivity adjustment of 0.6 percent, as required by statute. CMS estimates that Medicare payments to the 5,726 ESRD facilities in CY 2013 will total \$8.4 billion.

In August 2012, CMS released the first broad-view analysis of patient claims in the new ESRD prospective payment system, which showed that this payment system has had no negative effects on patients' health. The final rule focuses on clinical measures and expands the scope of the ESRD QIP reporting measures to cover a broader range of patients who receive dialysis care.

The Medicare Improvements for Patients and Providers Act of 2008 established the ESRD PPS and the QIP. The prior ESRD payment system consisted of a composite rate payment for a defined set of services, while separate payments were made for drugs, laboratory tests, or other items and services that were a part of dialysis treatment but were not paid in the composite rate. The composite rate payment was adjusted to reflect the ESRD facility's geographic location and a limited number of patient characteristics.

The ESRD PPS, first implemented in 2011, expands renal dialysis services included in the single bundled payment to the dialysis facilities and provides for patient case-mix adjustments, facility level adjustments, and outlier payments. It is intended to improve efficiency. CY 2013 will be the third year of a four-year transition to the new payment system. Ninety percent of facilities have elected to be paid entirely under the new ESRD PPS.

The ESRD QIP aims to promote continued improvement in the quality of care provided to patients with ESRD.

This final rule also codifies a provision in the Middle Class Tax Extension and Job Creation Act of 2012 that reduces bad debt payments for eligible Medicare providers. This rule also removes the cap on bad debt reimbursement to ESRD facilities.

For more information on the final rule, see:

<http://www.ofr.gov/inspection.aspx?AspxAutoDetectCookieSupport=1>

For more information about the ESRD PPS and ESRD QIP, please see:

<https://www.cms.gov/Center/Special-Topic/End-Stage-Renal-Disease-ESRD-Center.html>

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