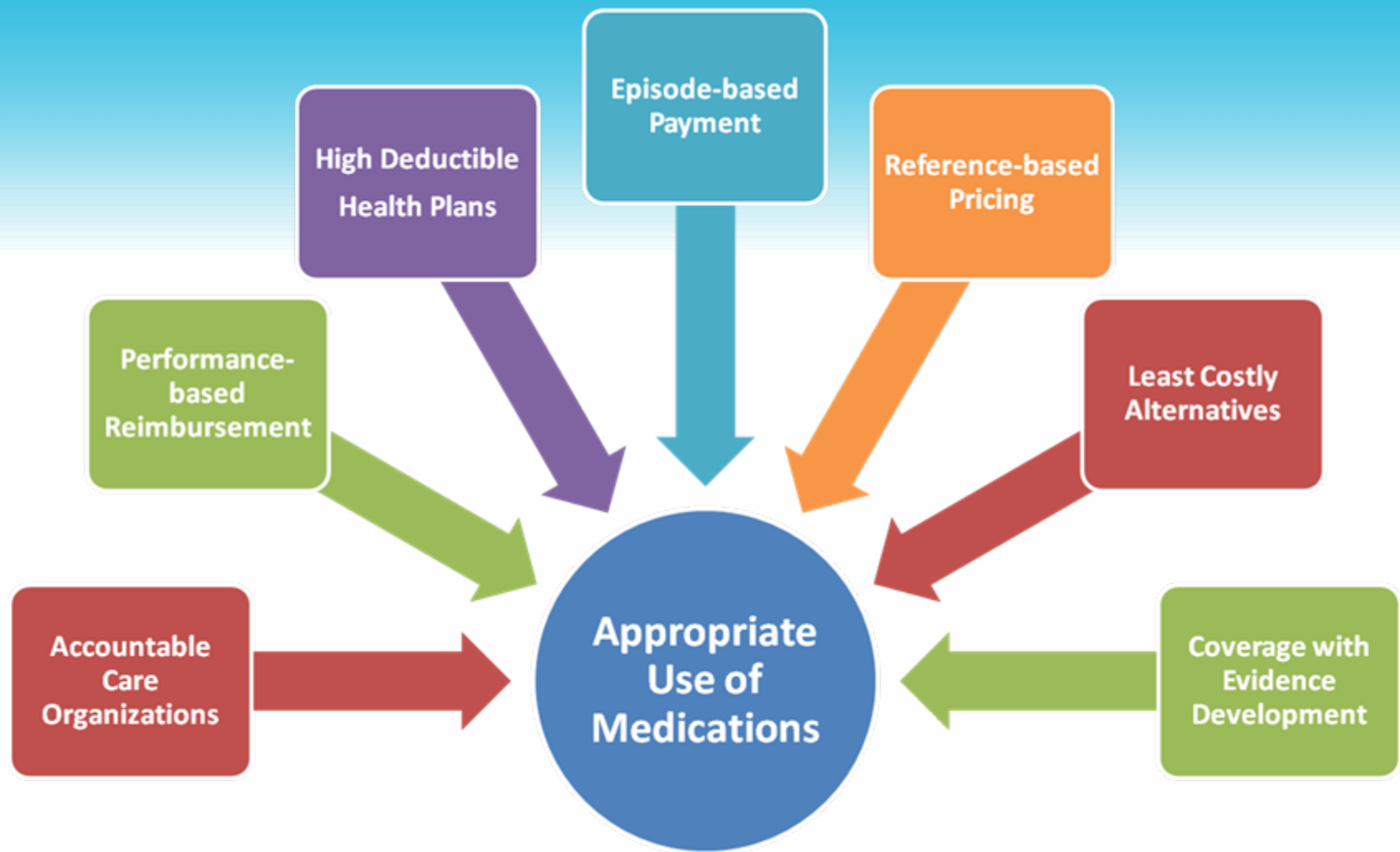


# **CMS ESRD Bundled Payment: Be Careful What You Wish For**

Robert W. Dubois, MD, PhD  
Chief Science Officer

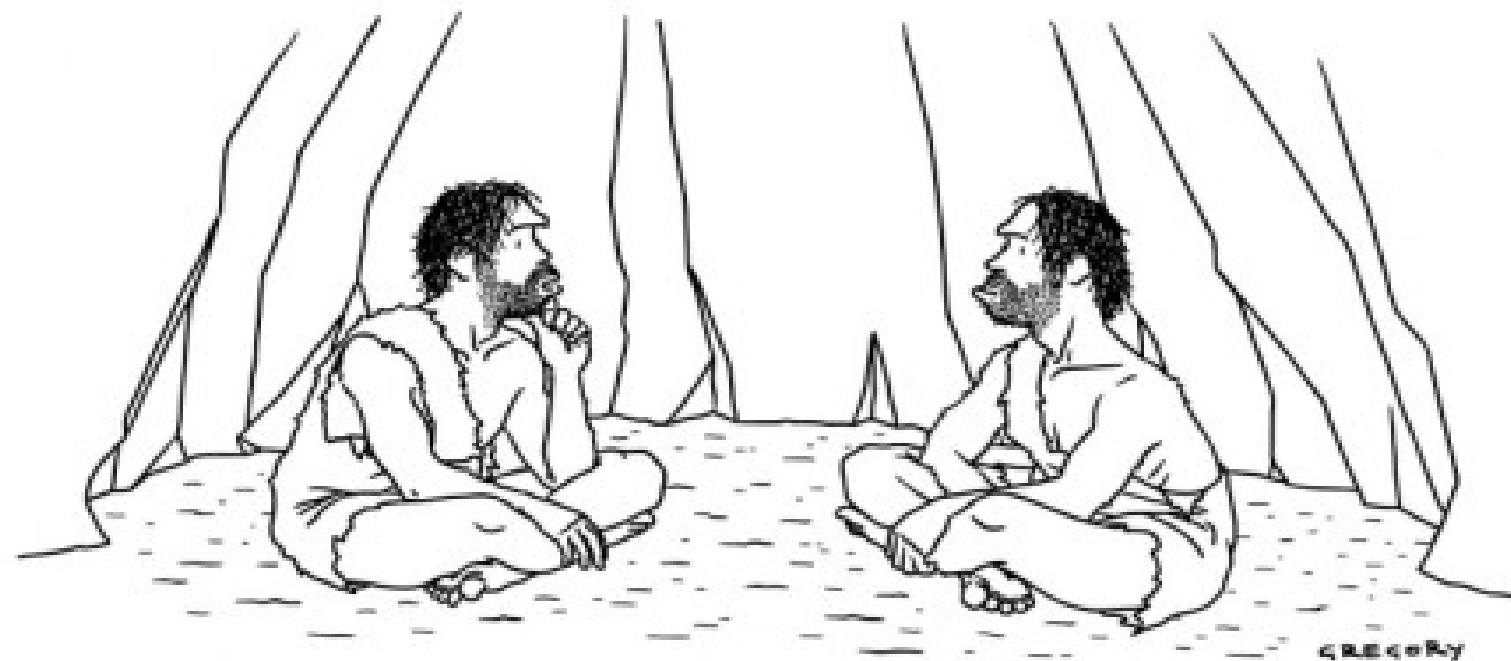
# Payment Models Will Impact Care



*“However beautiful the strategy,  
you should occasionally look at the results.”*



—Winston Churchill



*"Something's just not right—our air is clean, our water is pure, we all get plenty of exercise, everything we eat is organic and free-range, and yet nobody lives past thirty."*



**United States Government Accountability Office**  
**Washington, DC 20548**

- 3 types of drugs accounted for 96% of Medicare ESRD drugs in 2010
  - ESAs accounted for 73% (\$2.2 billion)



**United States Government Accountability Office**  
**Washington, DC 20548**

Implementation of the new bundled payment system was consistent with our 2006 recommendation that the bundled payment be expanded to include payment for all ESRD services to improve efficiency and **remove financial incentives to provide more injectable drugs than necessary.**

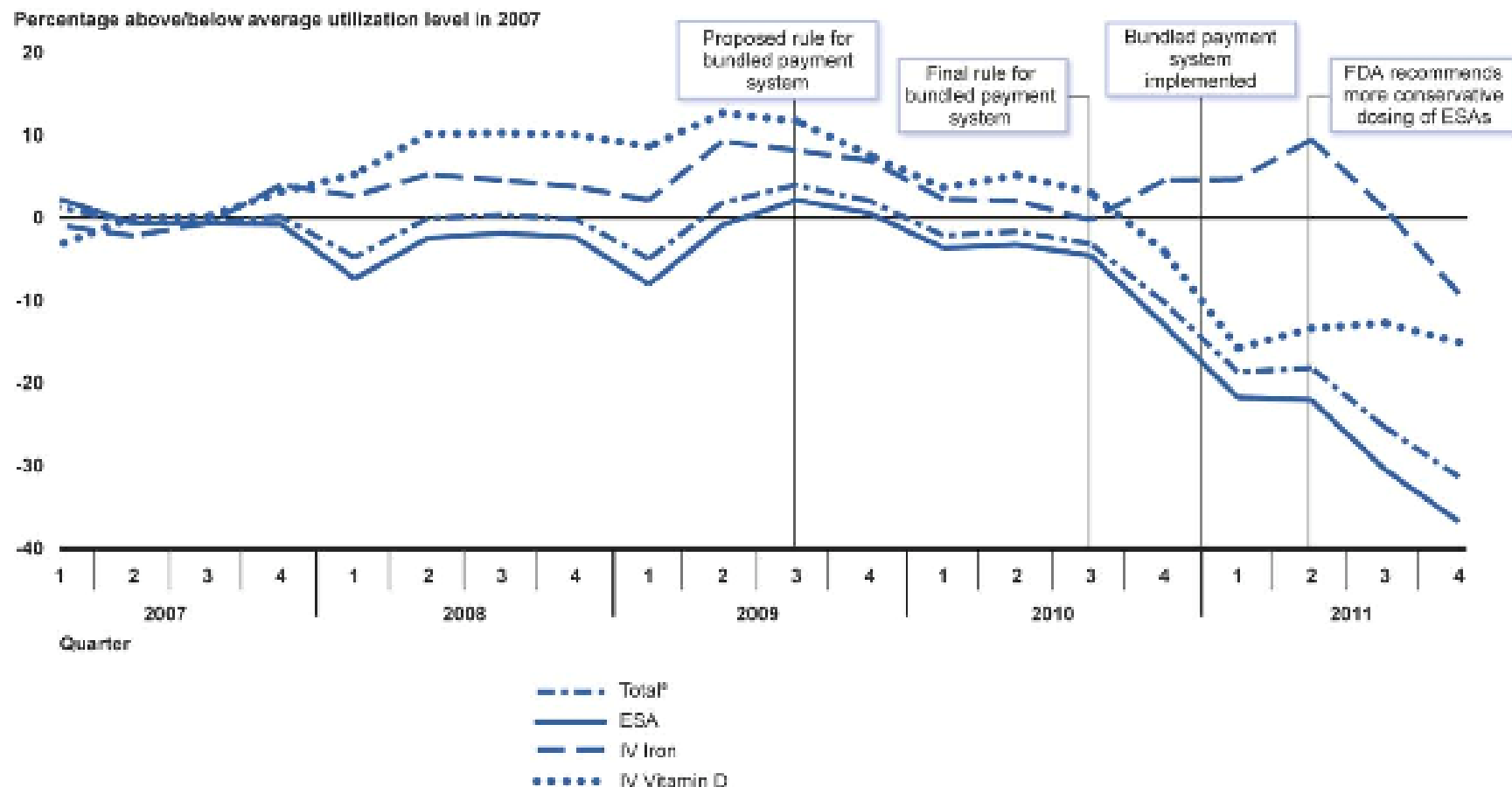
*“The Pink Sheet”*

## GAO Tracks Decline in ESA Use Following Regulatory Changes

### Executive Summary

A Government Accountability Office report finds that use of erythropoiesis-stimulating agents in dialysis decreased 31% from 2007 to the end of 2011 after Medicare’s bundled dialysis payment was changed to include drugs and FDA revised dosing recommendations.

**Figure 1: Utilization of ESRD Drugs per Beneficiary per Quarter through 2011, Relative to Average Level in 2007**

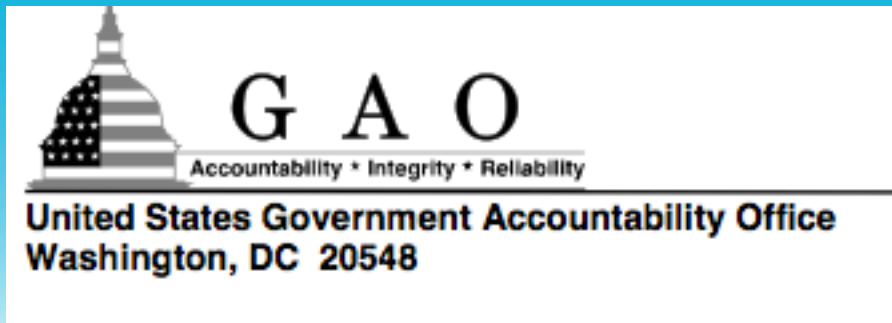


Notes: Utilization was expressed in dollars by multiplying the number of units per beneficiary of a drug administered in a given quarter by Medicare's Average Sales Price (ASP) for this drug in the first quarter of 2011.

ESA = erythropoietin stimulating agents; IV = intravenous.

<sup>a</sup>Includes utilization of ESAs, IV iron, and IV vitamin D.





“We estimated that Medicare expenditures on dialysis would have been about \$650 million to \$880 million lower in 2011 if the bundled payment rate was rebased to reflect the 2011 utilization level of ESRD drugs.”

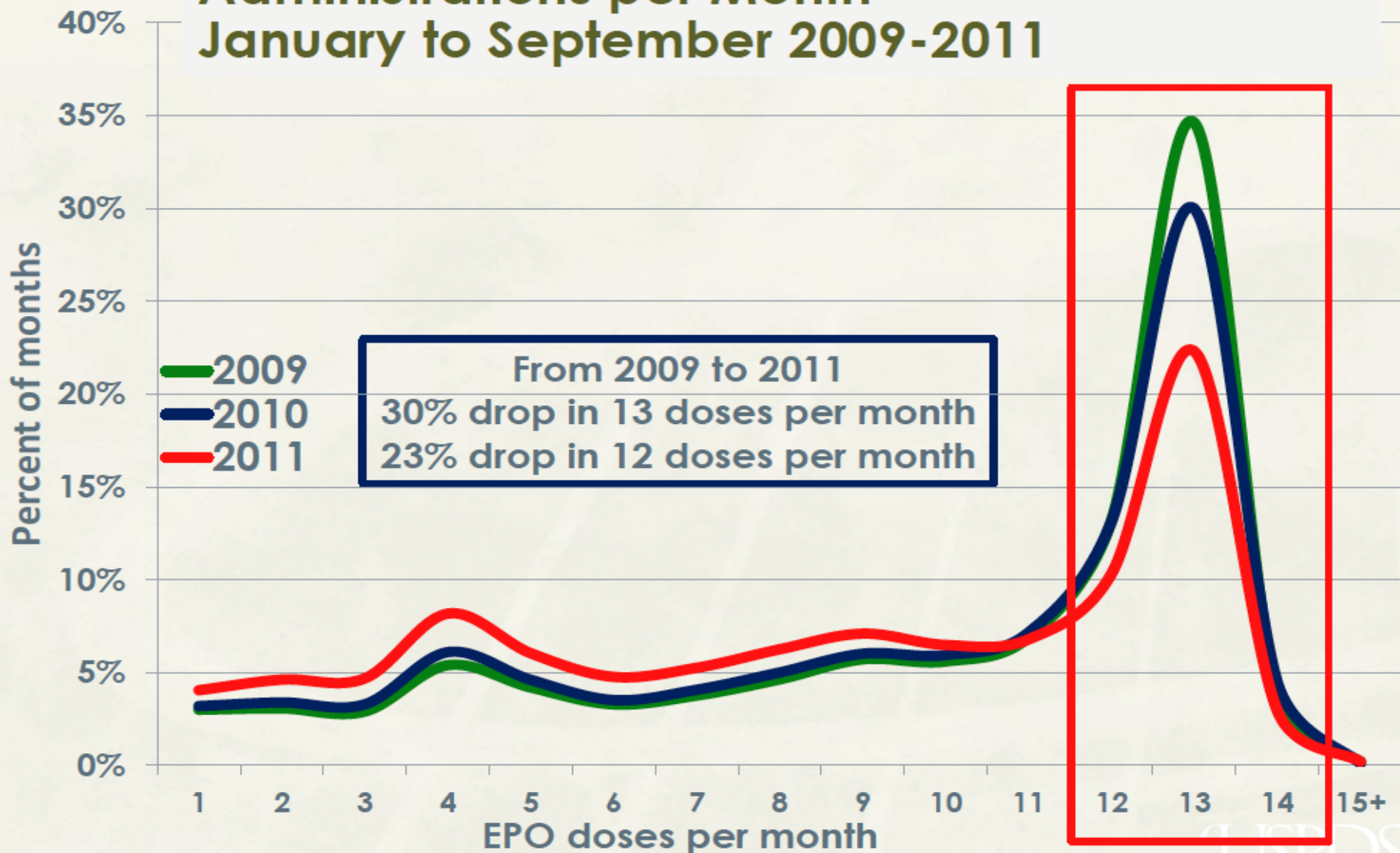
“Therefore, Congress should consider requiring the Secretary of HHS to **rebase the ESRD bundled payment rate as soon as possible...**”



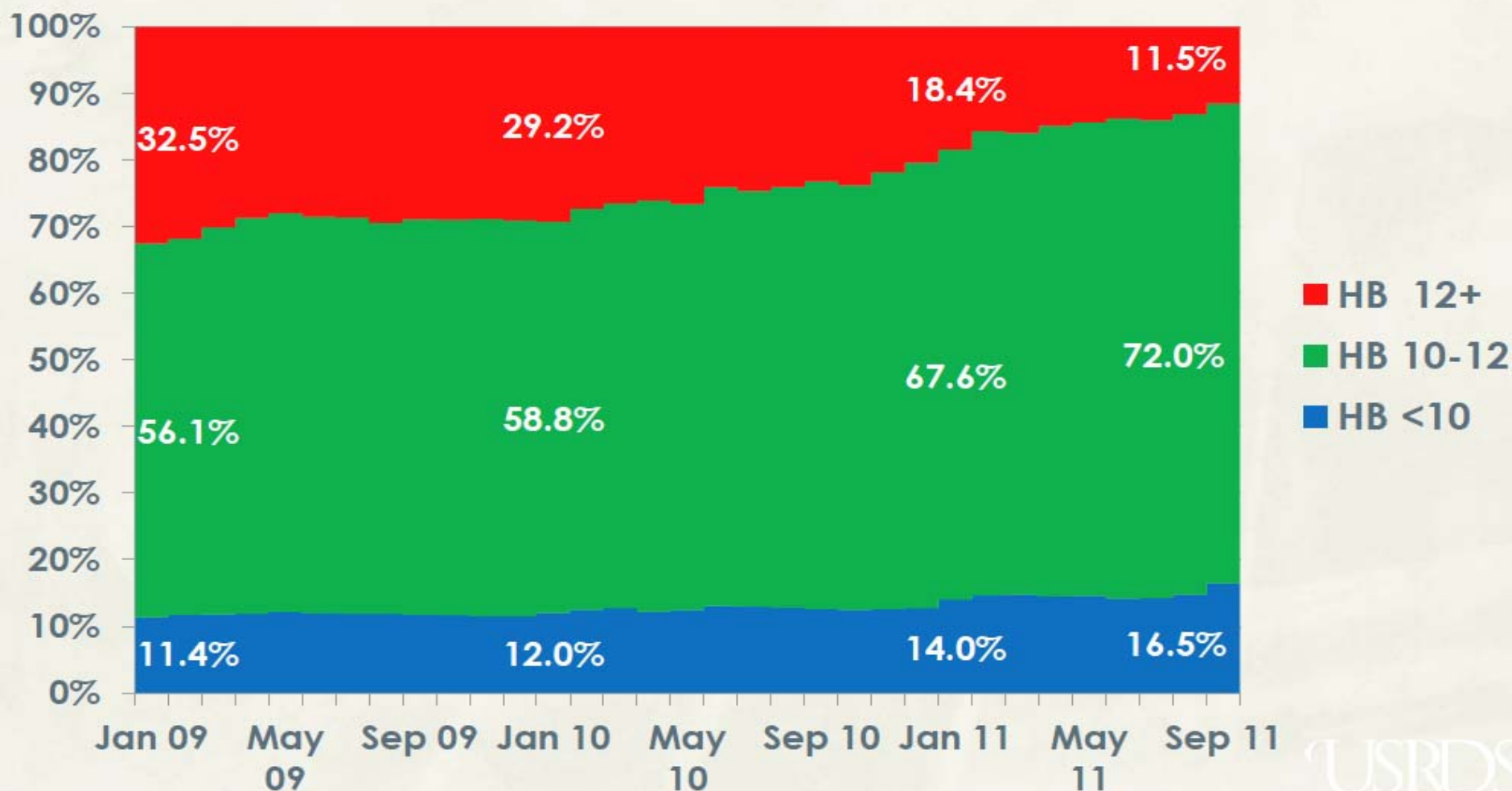
**BE CAREFUL WHAT YOU**

**WISH FOR**

# % of Patients by the Mean Number of EPO Administrations per Month January to September 2009-2011



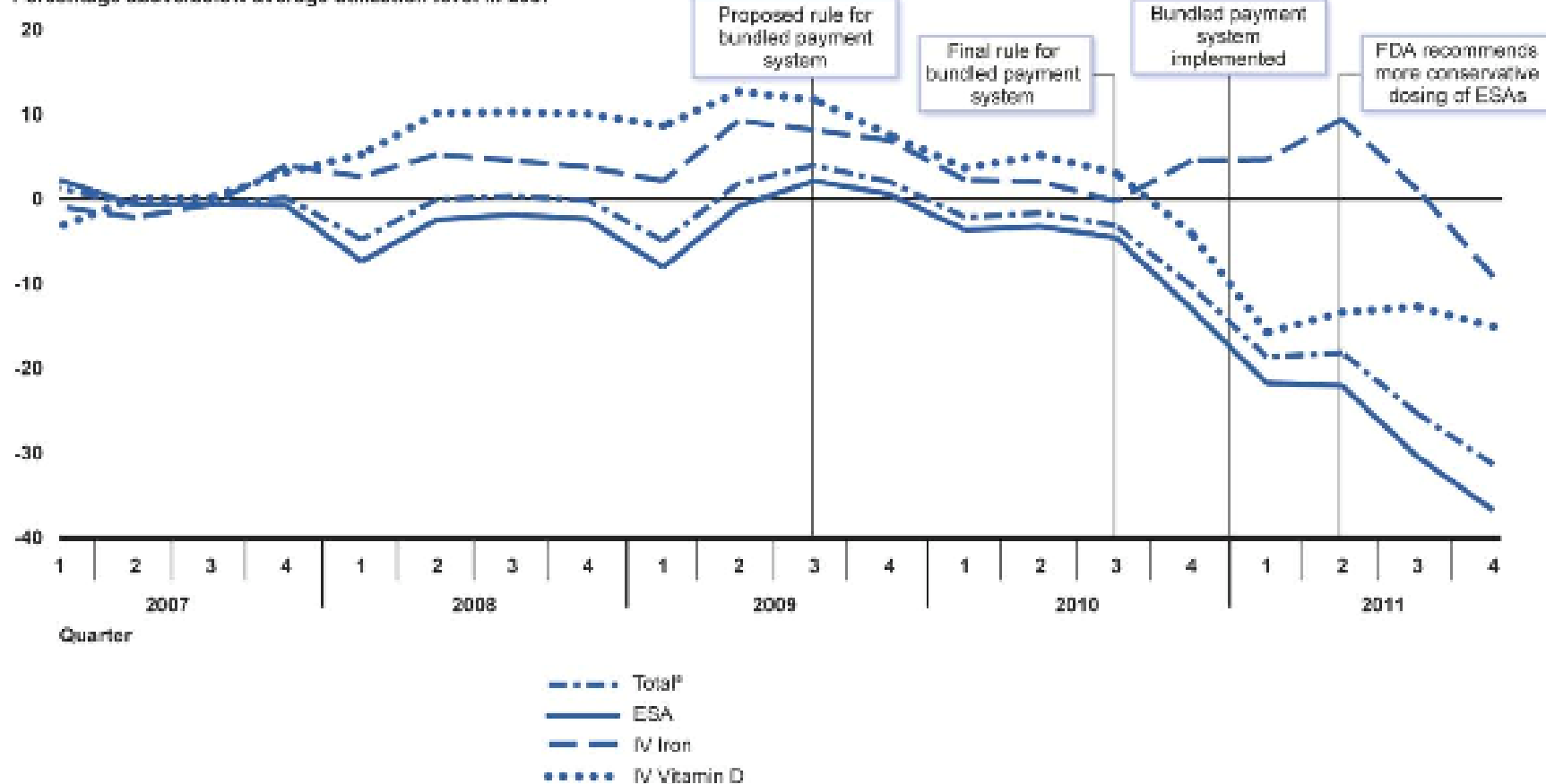
# Hb Distribution before and after the New Bundled Dialysis Payment System



ESRD Payment policy changes: the new “bundled” dialysis prospective payment system in the US; Allan Collins, MD  
 Director, United States Renal Data System Coordinating Center;  
[www.usrds.org/2012/pres/USDialysisBundle\\_impact\\_NKFCM2012.pdf](http://www.usrds.org/2012/pres/USDialysisBundle_impact_NKFCM2012.pdf)

**Figure 1: Utilization of ESRD Drugs per Beneficiary per Quarter through 2011, Relative to Average Level in 2007**

Percentage above/below average utilization level in 2007



Source: GAO analysis of Medicare data.

Notes: Utilization was expressed in dollars by multiplying the number of units per beneficiary of a drug administered in a given quarter by Medicare's Average Sales Price (ASP) for this drug in the first quarter of 2011.

ESA = erythropoietin stimulating agents; IV = intravenous.

<sup>a</sup>Includes utilization of ESAs, IV iron, and IV vitamin D.



# Renal & Urology News

April 05, 2013

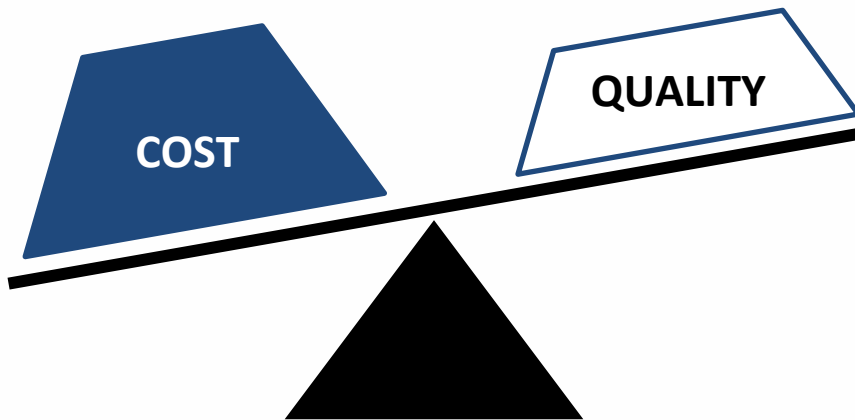
GENERAL NEWS

## Transfusions On the Rise in Dialysis Patients

Analyses of data from the U.S. Renal Data System, which includes information on prevalent dialysis patients covered by Medicare, show that the **proportion with a transfusion increased from 2.4% in September 2010 to 3.0% in September 2011 (a 24% increase)**, the researchers pointed out.

# New Payment Approaches Can Shift the Dialogue

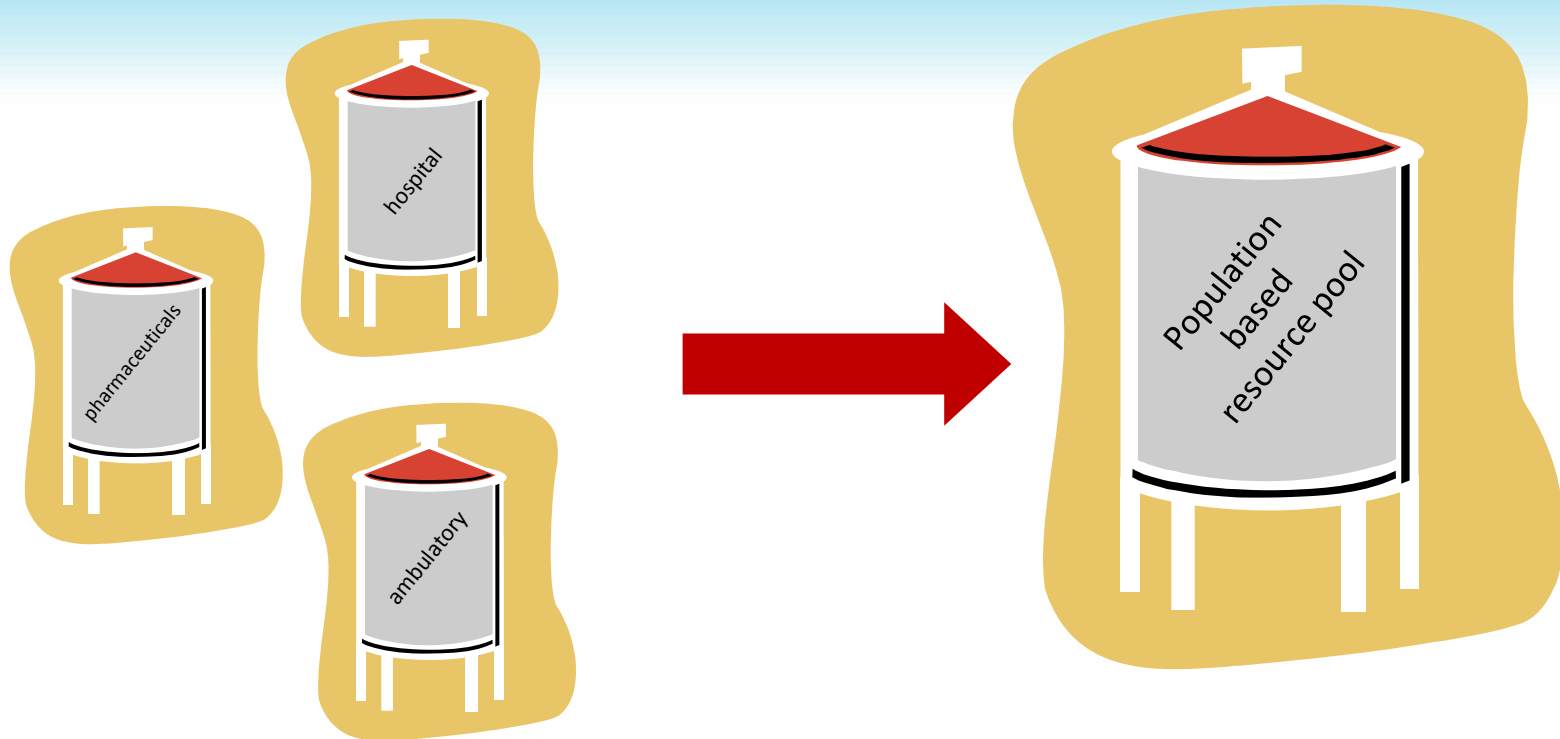
**TODAY**



**TOMORROW?**



# Bundling Should Change the “Perspective”





Self-Referral  
Restrictions

Quality Measures

Case  
Management

Cash Flow

Data  
Systems

Contracting  
With Insurers

Physician  
Network

Patient Education

Patient  
Assignment

Capital Investment

Patient-Centered  
Medical Homes

Hospital  
Ownership

Risk Corridor

Provider  
Payment  
Bonus

Shared  
Savings

Re-Insurance

Determination

Case Mix Adjustment



# Premier-AMGA-Darmouth-NPC ACO Collaboration



Develop  
Framework



Assess  
Readiness



Identify  
Gaps



Develop  
Toolkit



# New Payment Approaches Can Incorporate A More Complete View of Pharmaceuticals

Condition	Cost for Episode of Care		Quality Benchmarks	
	Pharmaceutical Share of Costs	Cost Offsets from Pharmaceuticals	Direct Measure of Pharmaceutical Use	Indirect Impact of Pharmaceuticals
Heart Failure	Modest	Impact on re-hospitalization	Compliance with therapy	% of patients requiring re-hospitalization
Rheumatoid Arthritis	High	Minimal	None	

THE AMERICAN JOURNAL OF  
**MANAGED CARE**

# Many Chances to Get Bundling Policy Right or Wrong







**Website: [www.npcnow.org](http://www.npcnow.org)**

**Twitter: @npcnow**

**Facebook: [facebook.com/npcnow](https://facebook.com/npcnow)**