



Bundled Payment for End Stage Renal Disease

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June 11, 2013

Medicare's ESRD Program

- Near-universal coverage for those eligible for Social Security with permanent kidney failure
 - No age or income restrictions
 - First 33 months paid by employer-sponsored insurance (ESI) if individual has ESI at time of diagnosis
- Limited transplant organs, so 70% receive dialysis
- In 2008, Medicare made payments for outpatient dialysis for about 382,000 beneficiaries to:
 - 600 hospital-based facilities
 - 4300 independent facilities
- In 2011, Medicare spent about \$10.1 billion on dialysis

Sources: J. Iglehart, Bundled Payment for ESRD, NEJM, 2/17/11; GAO, Reduction in Drug Utilization Suggests Bundled Payment Is Too High, 12/7/12

Bundled Payment for ESRD

- Starting January 2011: dialysis bundle expanded to include drugs and some lab tests
 - “reduce incentives to overuse profitable separately billable drugs”
 - Quality metrics added in 2012
 - Annual adjustment in payment amount
- **Implementation** of payment change
 - NOT demonstration project
 - Medicare is primary payer for dialysis, so reimbursement policy has significant influence on provision of services

Sources: Outpatient Dialysis Services Payment Program, MEDPAC, October 2011

Questions

- What has happened so far with the program?
- What do we know about effects on utilization, cost, quality?
 - Has it had the intended effects?
 - Any unintended effects?
- What lessons can we learn from experience with:
 - program implementation?
 - program results?
- What lies ahead for ESRD bundled payment?



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