SUMMARY OF CALCULATION ELEMENTS

OVERVIEW OF THE MEDICARE END-STAGE RENAL DISEASE (ESRD) FINAL RULE CY 2018

Issued October 27, 2017
Rule to take effect January 1, 2018

Published December 2017

NHA/SMA
INDEX TO CY 2018 CHANGES IN ESRD FACTORS

• Background on End-Stage Renal Disease (ESRD) Prospective Payment System
• Update of the ESRD PPS Base Rate
• Update of wage index and wage index floor
• Update to outlier policy
• Impact Analysis
• Payment for dialysis services for patients with acute kidney injury
• Changes to the ESRD Quality Incentive Program (ESRD QIP)
  • Background
  • Changes
BACKGROUND

- ESRD PPS bundled payment: single, per treatment payment for all approved renal dialysis services provided to patients for the treatment of ESRD either in a facility or in a patient’s home
- Payment rate adjusted based on:
  - Case mix
    - Based on patient characteristics; includes both adult and pediatric adjustments
  - Facility adjustments
    - Low-volume
    - Rural
    - Wage index
- Applies to approximately 6,750 facilities
End-Stage Renal Disease PPS Payment Calculation:

**FORMULA**

Base Rate \( \times (\text{Labor-related portion}) \times \text{Wage Index} + (\text{Non-labor Related Portion}) \times \text{PPS Adjustment Factors} \)

Outlier Payment (Based on Eligibility)

*The PPS Adjustment Factors include adjustments for patient and facility characteristics.*
# ESRD PPS BASE RATE UPDATE

**Market Basket Update**

- Less Multi-Factor Productivity: -0.6%
- Less Cuts Mandated by the Social Security Act: -1.0%

**TOTAL IMPACT**: 0.3%

<table>
<thead>
<tr>
<th>CY 2017 Base Rate = $231.55</th>
<th>Adjustments</th>
<th>CY 2018 Base Rate = $232.37</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage Index Budget-Neutrality Adjustment Factor</td>
<td>1.000531</td>
<td>($231.55 x 1.000531 = $231.67)</td>
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<tr>
<td>Market basket increase</td>
<td>1.003</td>
<td>($231.67 x 1.003 = $232.37)</td>
</tr>
</tbody>
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WAGE INDEX UPDATE

• Adjusted to account for updated wage levels in areas where ESRD facilities are located

• ESRD PPS wage index values are calculated without regard to geographic reclassifications (pre-reclass wage index) and are unadjusted for occupational mix

• CY 2018 Wage Index Floor = 0.4000

• Wage index is applied to the labor-related share of the base rate
  • For CY 2018, the labor-related share to which the wage index would be applied is 50.673 percent
• Facility eligible for outlier payment when the per treatment Medicare Allowable Payment (MAP) amount for ESRD outlier services exceeds the predicted MAP amount plus the fixed-dollar loss (FDL) amount

<table>
<thead>
<tr>
<th></th>
<th>Age &lt; 18</th>
<th>Age &gt;= 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average outlier services MAP amount per treatment</td>
<td>$37.41</td>
<td>$44.27</td>
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<tr>
<td>Standardization for outlier services</td>
<td>1.0177</td>
<td>0.9774</td>
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<td>MIPPS reduction</td>
<td>0.98</td>
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<tr>
<td>Adjusted average outlier services MAP amount</td>
<td>$37.31</td>
<td>$42.41</td>
</tr>
<tr>
<td>Fixed-dollar loss amount</td>
<td>$47.79</td>
<td>$77.54</td>
</tr>
</tbody>
</table>
IMPACT ANALYSIS

• CY 2018 updates increase total payments by 0.5% compared to CY 2017
  • Hospital-based ESRD facilities → Projected increase in total payments of 0.7%
  • Freestanding ESRD facilities → Projected increase in total payments of 0.5%
PAYMENT FOR DIALYSIS SERVICES FOR PATIENTS WITH ACUTE KIDNEY INJURY (AKI)

• Payment rate for AKI dialysis:
  • Updated to equal the final CY 2018 ESRD PPS base rate
  • Applies the same wage index adjustments as ESRD PPS

  • Final AKI Payment Rate = $232.37
The ESRD QIP changes the way Medicare pays for renal dialysis services by linking a portion of the payment directly to facility performance on quality measures

- Reduction of up to 2% if minimum total performance score is not met

Changes to the ESRD QIP include:

- Finalized changes to performance score certificate (PSC) starting PY 2019
- Changes to Extraordinary Circumstances Exception (ECE) policy
  - Seeking to align policy with that of other programs
- Updated list of measures for PY 2021
CHANGES TO ESRD QUALITY INCENTIVE PROGRAM

PY 2019 Changes to Facility-posted Performance Score Certificate (PSC)
- Posted certificate to include:
  - Total performance score (TPS) achieved by facility
  - Comparison between data for facility’s TPS versus the national TPS
  - Facility performance result for each individual measure with respect to the year involved
  - Comparison between facility’s individual performance scores versus the national performance score for each measure

PY 2020 ESRD QIP Requirements
- Extraordinary Circumstances Exception (ECE) policy Changes
  - Facility may submit form signed by facility’s CEO/other designated personnel within 90 days of the EC
  - Expansion of reasons to include CMS data system issues preventing data submission
  - Ability to request ECE if normal operations are significantly affected by conditions beyond control
  - Finalized minimum TPS at 59
  - Finalized reduction scale

PY 2021 ESRD QIP Requirements
- 16 measures were finalized in CY 2017 for PY 2020
  - For PY 2021 – Replacing 2 VAT Clinical Measures with Hemodialysis Vascular Access measures:
    - Standardized Fistula Rate Clinical Measure
    - Long-Term Catheter Rate Clinical Measure
    - Revision of Standardized Transfusion Ratio Clinical Measure
    - More restrictive definition of transfusion events