

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Room 352-G  
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## Press Release

FOR IMMEDIATE RELEASE

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### **CMS Finalizes Policy and Payment Rate Changes for End-Stage Renal Disease Facilities in 2014**

#### *CMS strengthens incentives to improve outcomes for patients with ESRD*

The Centers for Medicare & Medicaid Services (CMS) today issued a final rule that updates Medicare policies and payment rates for 2014 for dialysis facilities paid under the End Stage Renal Disease (ESRD) Prospective Payment System (PPS). CMS received extensive public comment on the proposed rule, issued in July. CMS carefully reviewed the comments and has decided to implement a three- to four-year transition for the drug utilization adjustment to the base rate mandated by Congress as part of the American Taxpayer Relief Act, and overall payments for 2014 will see a zero percent change.

The rule also finalized a 50 percent increase to the home dialysis training add-on payment adjustment that is made for both peritoneal dialysis and home hemodialysis training treatments.

“The bundled payment system that CMS implemented in 2011 has improved the health of Medicare beneficiaries who require dialysis services,” said CMS Principal Deputy Administrator Jonathan Blum. “We are confident that our final policies will continue to improve the quality of care while ensuring that our final payment rates better reflect the cost of care.”

While the ESRD PPS, implemented in 2011, was effective for renal dialysis services furnished on or after January 1, 2011, the statute provided for a 4-year transition period during which the ESRD facilities were paid a blended payment with a portion of payments based on the composite rate methodology and a portion based on the new PPS rate. In 2014, the final year of the 4-year transition period, all ESRD facilities will be paid 100 percent of the ESRD PPS rate for renal dialysis services furnished on or after January 1, 2014.

The final rule will also strengthen the ESRD Quality Incentive Program (QIP), which creates incentives for dialysis facilities to improve the quality of care and patient outcomes for beneficiaries diagnosed with ESRD. For the ESRD QIP Payment Year (PY) 2016 program (which will rely on measures of dialysis facility performance during 2014), CMS is finalizing 11 measures addressing infections, anemia management, dialysis adequacy, vascular access, mineral metabolism management, and patient experience of care. We are also finalizing the method by which performance scores will be calculated by weighting clinical measures at 75 percent of the total performance score and weighting the reporting measures at 25 percent. The ESRD QIP will reduce payments to ESRD facilities that do not meet or exceed certain performance standards.

Both the ESRD PPS and the ESRD QIP were mandated by the Medicare Improvements for Patients and Providers Act of 2008. The ESRD PPS is intended to improve efficiency and reduce incentives to use more items and services than needed for appropriate care, while the ESRD QIP is intended to promote improvement in the quality of care provided to Medicare beneficiaries with ESRD.

Additionally, the final rule includes several provisions related to Medicare policies on durable medical equipment (DME). CMS is finalizing clarification of the 3-year minimum lifetime requirement for DME and the distinction between routinely purchased and capped rental DME. The rule also finalizes the implementation of budget-neutral fee schedules for splints and casts, and intraocular lenses inserted in a physician's office as well as a few technical amendments and corrections to existing regulations related to payment for durable medical equipment, prosthetics, and orthotics items and services.

For more information about the final rule, please see: <http://www.ofr.gov/inspection.aspx?AspxAutoDetectCookieSupport=1>

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

<http://www.cms.gov/center/esrd.asp>

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