

Dialysis CA Ballot Measure Irks LDOs

Third Time Is A Charm

- **For the third time in four years, CA voters were asked to vote on kidney centers in the state (with 2018 and 2020 attempts failing to go through).** The proposition is supported by Service Employees International Union-United Healthcare Workers West, a Bay area union.
- **Proposition 29 would require dialysis centers to have a nurse practitioner, physician assistant, or physician on the premises during practice hours.** Clinics would also be required to disclose physician ownership interests and report patient infection data. Approximately 600 dialysis clinics in California serve around 80,000 patients a month. DaVita Inc. and Fresenius Medical Care, two private for-profit companies, own most clinics. Both oppose the proposition.
- **The ballot costs government dollars.** Ads and billboards have piled up, scaring Californians that there will be dead people on the streets. The two major LDOs (DVA, FMS) have opposed the new staffing requirements.

DIALYSIS POS OUTLOOK 2023+

- **2023 rates are healthy, per CMS final rules.** The final dialysis base rate is \$265.57, up from 257.90 in 2022, reflecting the application of wage index budget neutrality adjustment factor and a productivity adjusted market basket increase of +3%. Total Medicare spending for ESRD facilities in the coming year is projected to be about \$7.9 B, taking into account a projected 3.5% decrease in FFS Medicare beneficiary enrollment in CY 2023.
- **We think odds of ESRD-friendly legislation passing to aid LDOs is highly probable in Dec 2022.** Legislation that adds Medicare as a Secondary Payer (MSP) and ESRD pay saves anywhere between \$200 M and \$2 B. While health plan trades such as AHIP oppose the move we think government savings will be too attractive to pass up.