

Dialysis +3.0% Inline Update for 2023

Legislative Fix Saves <\$2B Likely @ End of Year Given SCOTUS Ruling

- **The overall ESRD payment update is +3.1%, an increase of \$300 M, positive for LDOs such as DVA, FMS (in line with proposal of 3.0%).** This update includes updates to the outlier threshold (+0.0%), to the wage index floor (+0.0%), and to the payment rate update (+3.0%). There is also a permanent 5% cap on decreases in the ESRD PPS wage index beginning CY 2023. CMS is finalizing its requirement that an ESRD facility's wage index for 2023 will not be less than 95% of its final wage index for CY 2022.
- **The final PPS 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.
- **Other policies are below.**
 - **Acute Kidney Injury (AKI) dialysis payment rate is +2.9%.** The final payment rate is \$265.57, This is projected to be a +2.9% increase in payments for individuals with AKI.
 - **Beneficiary co-insurance payments of +3.1%, approximately \$60M in CY 2023.** Beneficiaries are responsible for paying 20% of the ESRD payment amount.
 - **No new products qualified for the Transitional Add-on Payment Adjustment for New and Innovative Equipment and Supplies (TPNIES).** The 3 products under consideration, a monitoring system for peritoneal dialysis (CloudCath System - CloudCath), a post-dialysis compression sleeve (SunWrap – Sun Scientific), and a dialyzer (THERANOVA - BAX), did not meet the eligibility criteria and will not be receiving an add-on payment.
 - **Update to oral-only drug definition in 2025.** Beginning January 1, 2025, CMS will only consider a drug or biological product to be oral-only if there is no injectable *functional* equivalent or other form of administration other than an oral form.
 - **End-Stage Renal Disease Quality Incentive Program (ESRD QIP) finalized proposals** include: Pausing data collection on a series of QIP measures for CY 2023 including the Standardized Hospitalization Ratio (SHR), the Standardized Readmission Ratio (SRR), the Standardized Fistula Rate, among others. Using 2019 data to calculate PY 2023 performance standards in place of the 2020 data. CMS determined it would be too difficult to calculate the performance standards using 2020 data. Expressing the SHR and SRR results as rates beginning with payment year 2024. Adoption of the COVID-19 Vaccination Coverage among Healthcare Personnel (HCP) measure as a reporting measure in the PY 2025. Modifying SHR and SRR measure to include a covariate adjustment for personal history of COVID-19 starting in 2025 Creating a new domain for reporting measures and re-weight the current measure domains in PY 2025.
- **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.
- **NEXT STEPS:** CMS dialysis final pay ([here](#)) is in-line with expectations and good news (for 2023); it is very similar to the proposed rates. New pay starts Jan 2023. Re: negative SCOTUS June 2022 ruling, DaVita & Fresenius are pushing for a legislative fix which we think very well may take place

in the end of year package, particularly since the bill saves the government dollars. Changes to MSP generate up to \$2 B in government savings, which is irresistible in this budget environment