

CAPITOL STREET

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+1.6% Dialysis Proposed Pay Update 2024

Solid Payment Proposal

Relevant Companies



CMS released the proposed 2024 end-stage renal disease (ESRD) Prospective Payment System (PPS) rates after the close of the US markets today [here](#).

»» Our Take & Next Up

CMS dialysis pay for 2024 looks good for large dialysis organizations (LDOs – DVA, FMS) and biopharma manufacturers (AMGN, CSL Vifor, others). CMS wants to pay pediatric dialysis sessions more generously (<2% patients are under 18 years old), while making sure not to leave rural/low volume facilities out in the cold. The agency also wants biologics and drugs to be reimbursed after the two-year TDAPA period at 65% of estimated expenditure levels. More negatively, the agency wants to measure hemodialysis “time on machine” for possible refinements in future PPS pay regulations (starts 2025), as well as discarded/unused biologics used during dialysis sessions. The agency will accept comments and final CY24 rates will be out around Nov 1. New pay starts Jan. 2024.

»» Key Points

The overall ESRD payment update is +1.6%, a \$130 M increase, positive for LDOs — DVA, FMS. This includes updates to the outlier policy (-0.1%) and to the wage index (0.0%). For hospital-based facilities, CMS projects an increase in total payments of +2.6%. For freestanding facilities, CMS projects an increase in total payments of +1.6%.

The proposed CY 2024 ESRD base rate is \$269.99, +\$4.42 to the current base rate of \$265.57, reflecting the wage index budget neutrality adjustment factor, a proposed transitional pediatric ESRD add-on payment adjustment (TPEAPA) budget neutrality factor, and a productivity-adjusted market basket of +1.7%. Total Medicare spending for ESRD facilities in 2024 is projected to be \$6.4 B. There will be an increase in beneficiary co-insurance payments of +1.6%, approximately \$30 M in CY 2024.

Other positive policies that are helpful to LDOs and/or MedTech/Biopharma co's by way of the ESRD bundle can be found below.

- **Increased payment for 3-years for certain new renal dialysis drugs and biological products after the Transitional Drug Add-on Payment Adjustment (TDAPA) period ends.** CMS proposes an increase that would help ensure payment is not a barrier to accessing innovative treatments for Medicare ESRD beneficiaries. The 3-year period allows for a pathway to 5 years of incremental coverage by Medicare.
- **CMS seeks feedback (via a request for information) to assess pay updates to the Low-Volume Payment Adjustment (LVPA) methodology and the possible creation of a new payment adjustment that would increase payment to geographically isolated ESRD facilities.** The rule also proposes to create certain exceptions to the LVPA attestation process for ESRD facilities affected by disasters and other emergencies.
- **Pediatric dialysis payment enhancement.** A proposed transitional add-on pediatric ESRD dialysis pay adjustment for CYs 2024, 2025, and 2026 is expected to promote equitable/accurate pay, since treatment for the pediatric ESRD population tends to be complex, costly.

CMS calls for additional reporting requirements to assess accuracy of payments, for potential future rule-making, which could lead to refinements over time.

- **CMS wants to measure “time on machine” for in-center hemodialysis patients (Jan 1, 2025) for future PPS payment refinements.** CMS is proposing to require ESRD facilities to report “time on machine,” which is the amount of time in minutes that a beneficiary spends receiving an in-center hemodialysis treatment, on ESRD PPS claims.
- **ESRD facilities must also report information (2024) on claims about the total number of billing units of any discarded amount of a renal dialysis drug or biological product from a single-dose container or single-use package,** using the JW modifier (or any successor modifier that includes the same data). CMS is also proposing to require that facilities must report the JZ modifier on claims when billing for any drug or biological product from a single-dose container or single-use package for which there is no discarded amount.

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