

PUBLICATION

CMS Issues CY 2017 ESRD Final Rule [Ober|Kaler]

2016

On October 28, 2016, CMS issued the [final rule](#) updating the payment policies and rates under the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS) for renal dialysis services beginning in CY 2017. The rule also finalizes new quality measures for dialysis facilities treating patients with ESRD and makes changes to the ESRD Quality Incentive Program (QIP), under which payment incentives are applied to improve quality of care. Facilities that do not achieve a minimum Total Performance Score (TPS) can expect a reduction in payment rates under the ESRD PPS. Additional updates in the rule affect scoring methodology under QIP, durable medical equipment competitive bidding, and licensure issues.

ESRD Rates

CMS expects to pay approximately \$9 billion to about 6,000 ESRD facilities with the ESRD PPS bundled payments for CY 2017. The finalized CY 2017 ESRD PPS base rate is \$231.55, which reflects a reduced market basket increase, application of the wage index budget-neutrality adjustment factor, and application of a home and self-dialysis training budget-neutrality adjustment factor. This results in an increase to the base rate of \$1.16 from CY 2016. CMS is not finalizing any changes to the application of the wage index floor and will continue to apply the current wage index floor (0.4000) to areas with wage index values below the floor.

CMS also is updating the outlier services fixed-dollar loss amounts and Medicare Allowable Payments (MAP) for adult and pediatric patients for CY 2017 using 2015 claims data. For pediatric beneficiaries, the loss amount will increase from \$62.19 to \$68.49 and the MAP amount will decrease from \$39.20 to \$38.29. For adult beneficiaries the loss amount will decrease from \$62.19 to \$68.49 and the MAP amount will decrease from \$39.20 to \$38.29. Also, for home and self-dialysis, CMS is using an updated RN hourly wage of \$35.94 and an increase to the hours of nurse training time from 1.5 hours to 2.66 hours. Thus, the CY 2017 home and self-dialysis training add-on payment adjustment is \$95.60, an increase of \$45.44 from the current training add-on amount of \$50.16.

CMS projects that the updates for CY 2017 will increase the total payments to all ESRD facilities by 0.73 percent compared with CY 2016 (0.9 percent for hospital-based ESRD facilities, and 0.7 percent for freestanding facilities).

Changes to the ESRD QIP

- PY 2018: No changes to the 2018 PY ESRD QIP.
- PY 2019: CMS created a new Safety Measure Domain as a third category of measures for PY 2019, and CMS will also include the National Healthcare Safety Network (NHSN) Dialysis Event reporting measure into the ESRD QIP measure set for PY 2019.
 - With respect to the hypercalcemia clinical measure for PY 2019, CMS also updated the measure by adding plasma as an acceptable substrate in addition to serum calcium. CMS also changed the calculation of the revised measure to include patient-months with missing values in order to minimize any incentive for a facility to avoid reporting serum calcium data.

- PY 2020: The PY 2020 ESRD QIP measure set contains eight clinical measures and seven reporting measures encompassing anemia management, dialysis adequacy, vascular access type, patient experience of care, infections, mineral metabolism management, safety, pain management, depression management, and hospital readmissions.
 - In response to public comments regarding a proposal to apportion a percentage of a facility's Total Performance Score to the Clinical Measure Domain, CMS will not finalize that proposal, instead maintaining the scoring methodology it finalized for PY 2019.
 - CMS also added the Standardized Hospitalization Ratio (SHR) clinical measure beginning in PY 2020.
 - CMS also adopted a new Ultrafiltration Rate reporting measure, and replaced the Mineral Metabolism reporting measure (based on claims data) with a new Serum Phosphorus reporting measure that uses CROWNWeb data.
 - CMS will continue the pilot program to validate CROWNWeb data

Changes Affecting Competitive Bidding for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

- DMEPOS bidding entities must obtain a \$50,000 surety bond for each competitive bidding area associated with their bid.
- Entities that do not accept a contract offer when the bid is below the median bid rate for suppliers used in the calculation of the single payment amount will forfeit the bond.
- Falsification of surety bonds may result in prohibition from bidding for the current and next round of bidding, and such entities will be referred to the Office of the Inspector General and the Department of Justice.
- The appeals process will be extended to breach of contract actions, in addition to the contract termination actions associated with the competitive bidding process.

The final rule also addresses additional licensing and fee schedule rates for the competitive bidding process.