



Changing Times: Aligning Quality Performance

Network Annual Meeting 2010
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Why a Change in Payment Mechanism?

_____ In 2007, **III,000** new patients began ESRD therapy. • p.4

_____ On December 31, 2007, **527,283** patients were receiving ESRD therapy. • p.4

_____ Total Medicare spending on ESRD reached **\$23.9 BILLION** in 2007, **UP 2.6%** from the prior year. • p.4

_____ The number of new dialysis patients rose just **0.85%** in 2007 — down from 3.6% in 2006. • p.2

_____ In 2007, **65%** of ESRD patients were treated with hemodialysis. • p.5

_____ In 2006 & 2007, slightly more than **ONE-THIRD** of patients starting maintenance hemodialysis did so with a **MATURING ACCESS**. • p.9

_____ Among new ESRD patients in 2007, **43%** had not seen a **NEPHROLOGIST** prior to initiation. • p.11

_____ Among hemodialysis patients, **87%** have a mean **URR** of 65% or greater. • p.15

_____ Rates for infectious hospitalizations have fallen since their 2005 peak, but in 2007 were **25.8%** above 1993 levels. • p.17

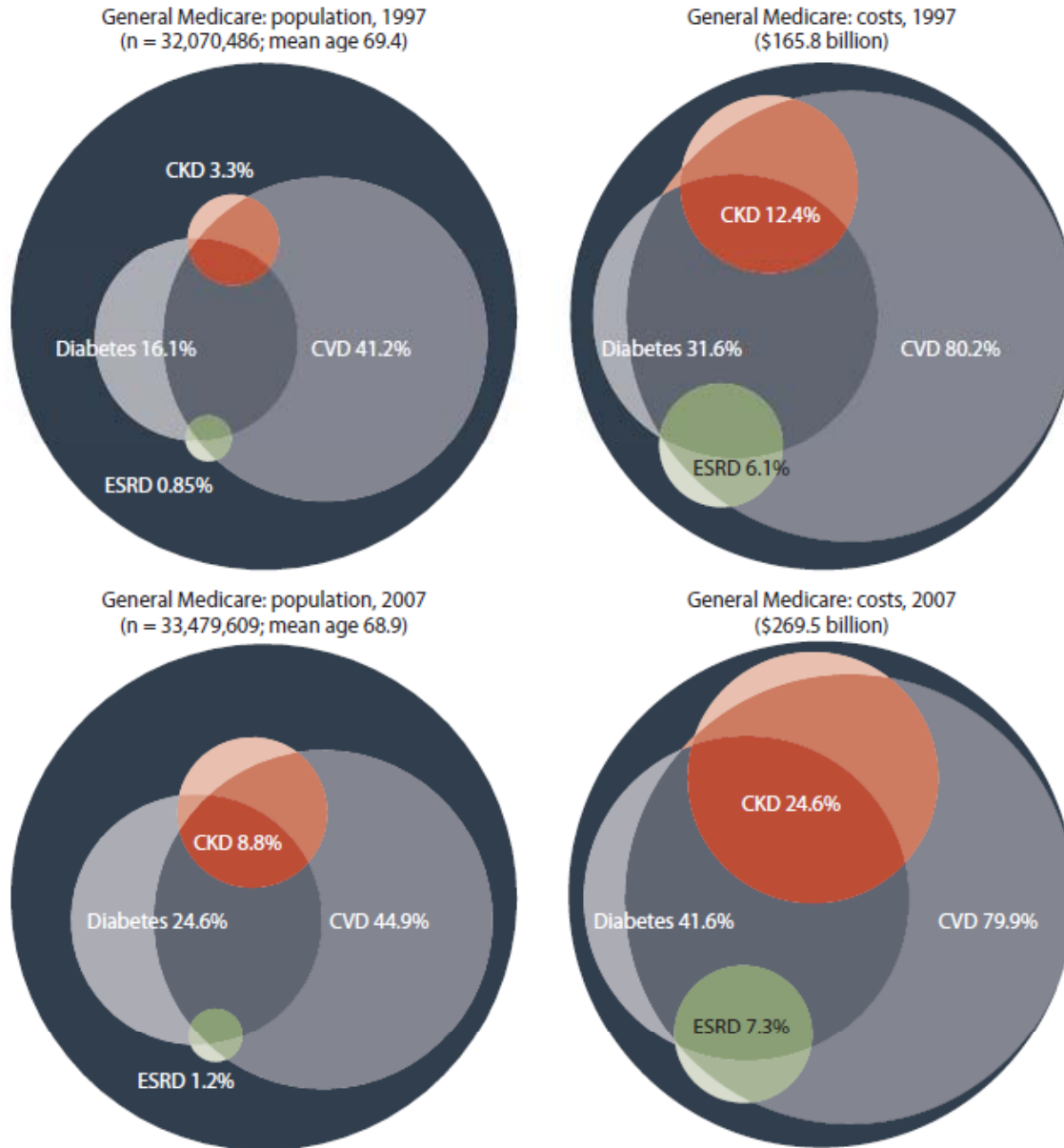
_____ In 2006, Medicare expenditures per person per year reached **\$70,000** for dialysis patients, & **\$17,000** for those with a functioning graft. • p.6

_____ Patients who initiate ESRD with a transplant are **2.2 TIMES** more likely to **SURVIVE** five years than patients on dialysis. • p.20

_____ Total Medicare spending for erythropoiesis stimulating agents fell 2.2 percent in 2007, to **\$1.84 BILLION**. • p.26

- Total Medicare costs rose 7.0% in 2007, to **\$410 BILLION**. Costs for ESRD rose 6.1 percent, to 23.9 billion — **5.8%** of the Medicare budget. • 11.2
- In 2007, the one-year change in total Medicare spending on ESRD fell to **2.6%**, while per person per year costs grew **1.0%**. • 11.4
- In 2007, total Medicare costs were **\$17.6 BILLION** for hemodialysis, and **\$1.9 BILLION** for transplant. • 11.6
- For new Medicare ESRD patients in 2006, costs rose from **\$6,056** in the month prior to initiation to **\$14,761** in the month following. • 11.8
- In 2007, estimated **ORGAN ACQUISITION** costs reached \$591 million, while **TRANSPLANT** costs rose to \$668 million. • 11.11
- Costs for erythropoiesis stimulating agents appear to have plateaued, & fell in 2007 for the first time — to **\$1.8 BILLION**. • 11.13
- At just under **\$60,000**, PPPY costs for patients with an AV **FISTULA** are 18–25% lower than those for patients with a catheter or graft. • 11.17
- **ACCESS EVENT** costs are \$5,960 & \$7,451 per person per year for patients with a catheter or AV graft, compared to \$3,194 for those with an AV fistula. • 11.18
- Costs for vascular access services performed by nephrologists continue to rise, &, at \$19 PPPY in 2007, were nearly **10 TIMES** greater than in 2000. • 11.19

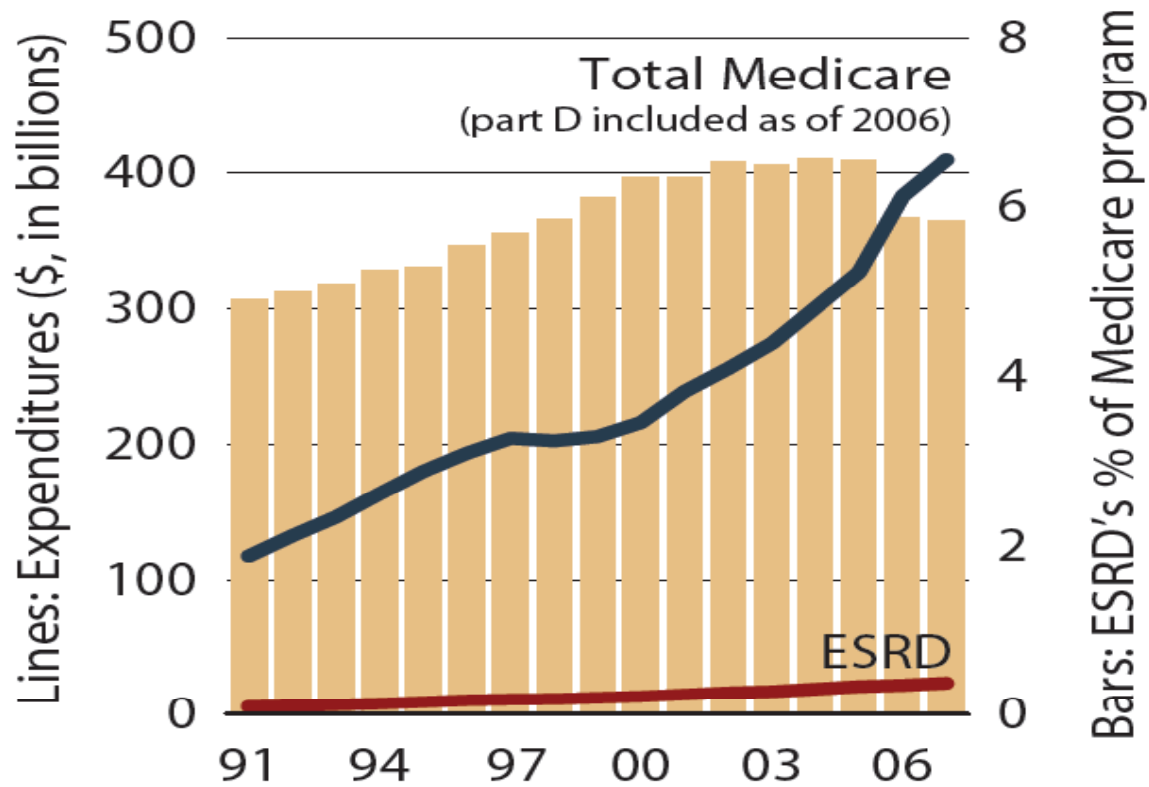
P1.ii Distribution of general Medicare patients & costs for CKD, cardiovascular disease, diabetes, & ESRD, 1997 & 2007



Source: 2009 USRDS Annual Report

11 **2**ⁱⁱ

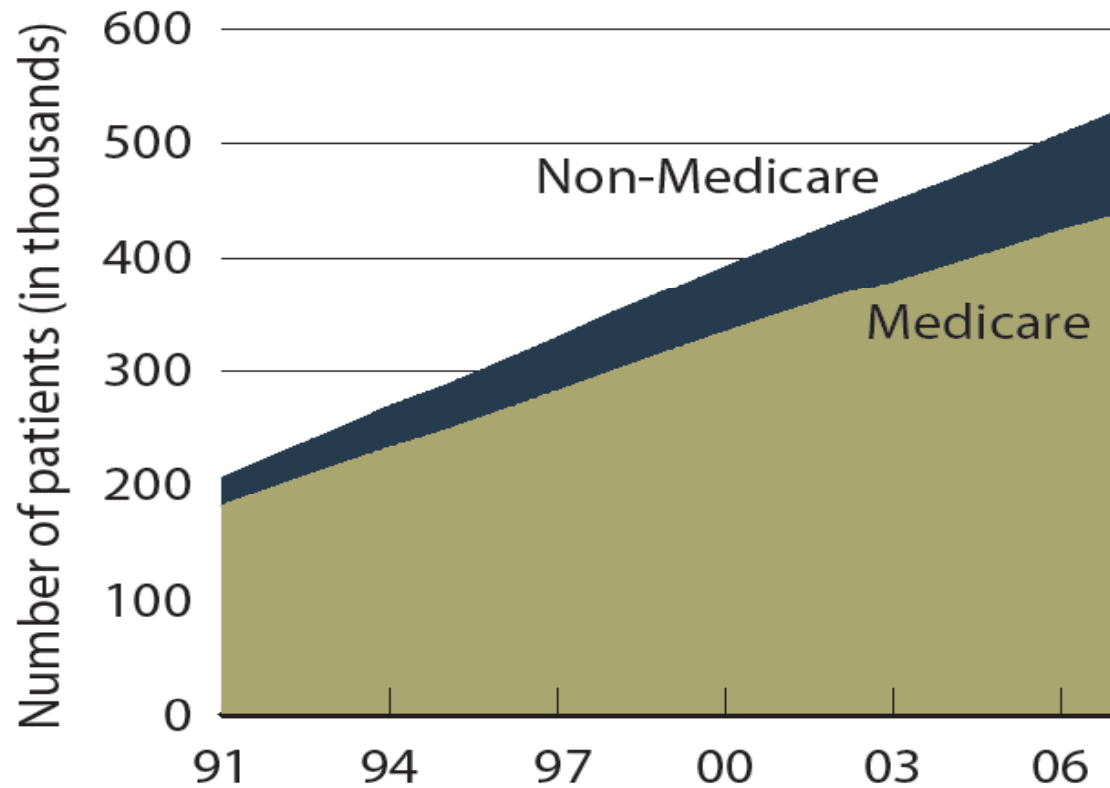
Costs of the Medicare & ESRD programs



Source: 2009 USRDS Annual Report

11 **3**_{ii}

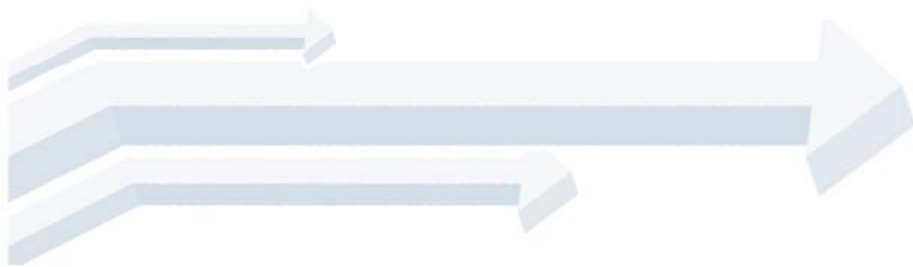
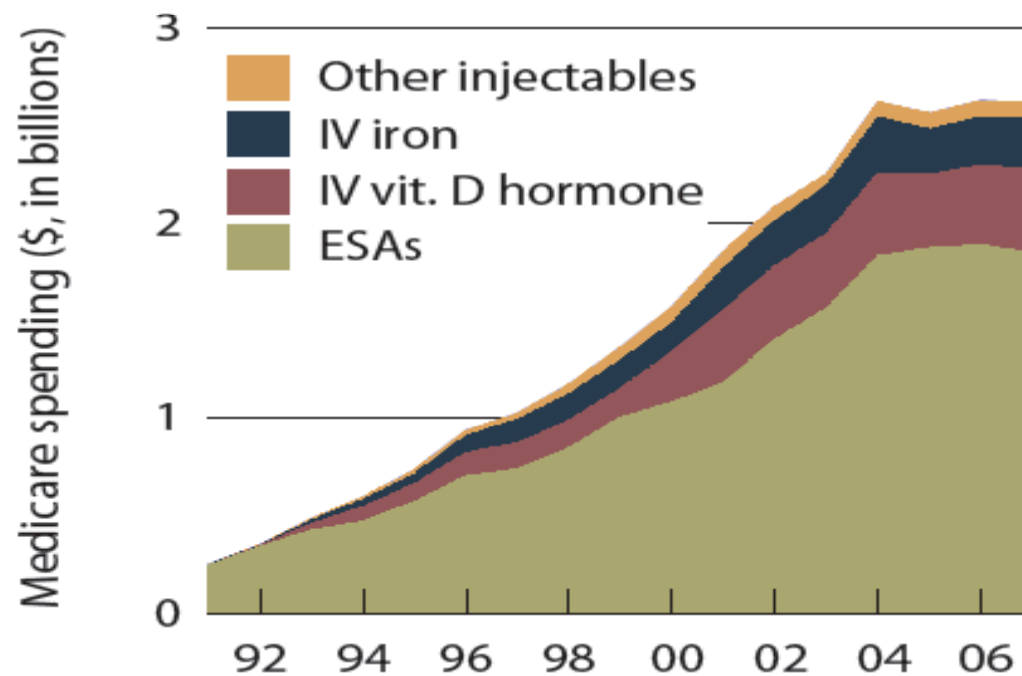
Estimated point prevalent ESRD patients



Source: 2009 USRDS Annual Report

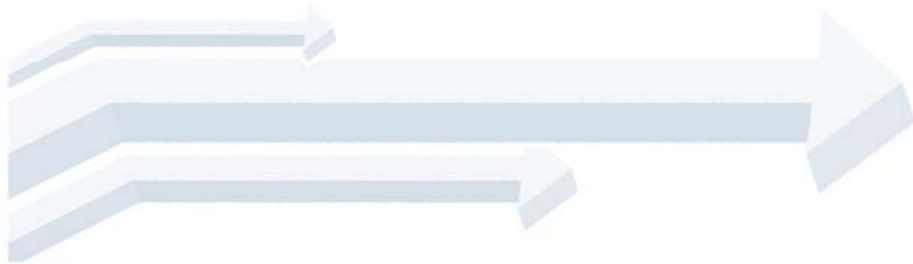
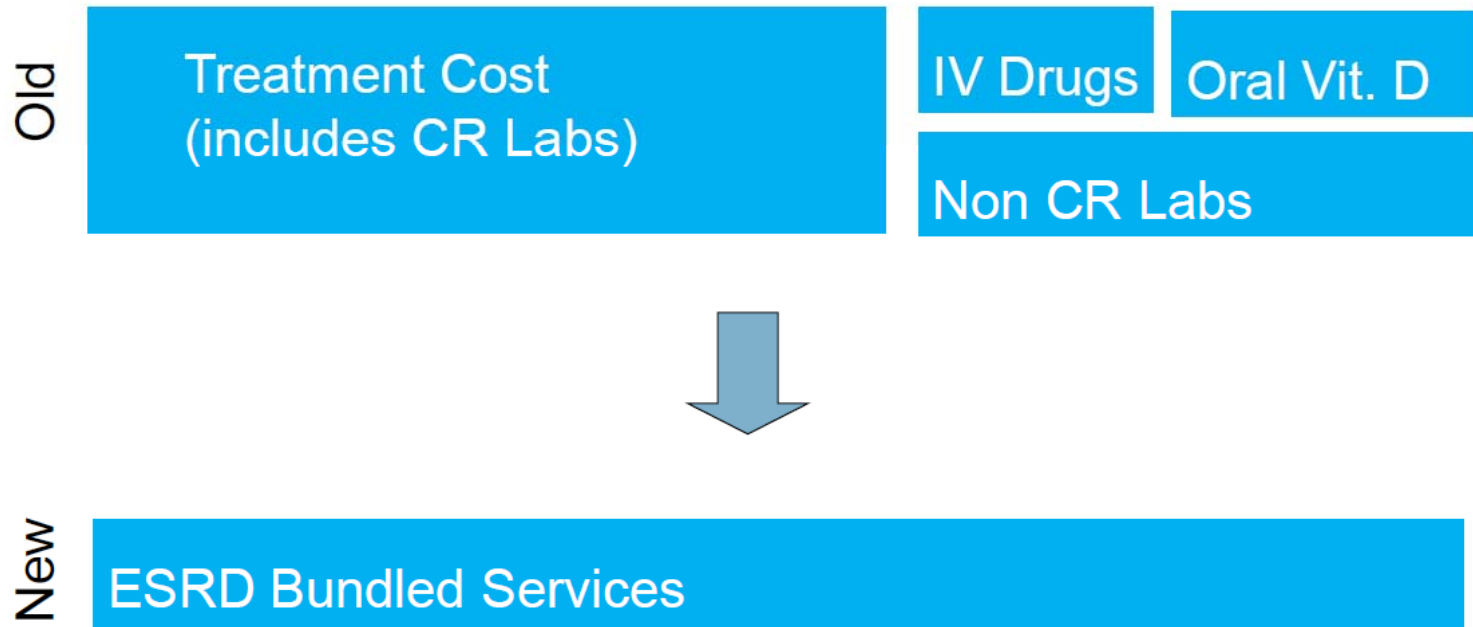
Costs for injectables

¹¹ **13**_{ii} Total Medicare spending on injectables



Source: 2009 USRDS Annual Report

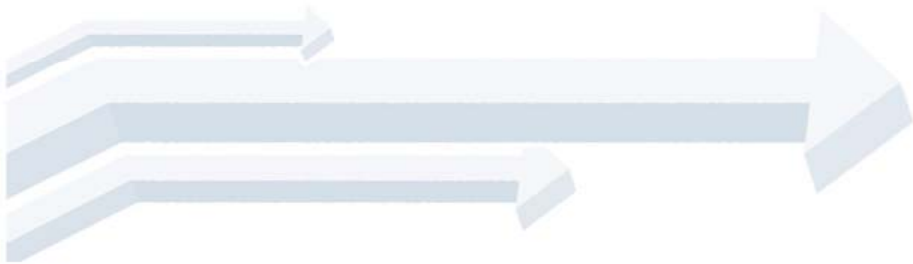
What will change January 2011?



Source: Dr. Mahesh Krishnan MD NN&I Webinar

ESRD Prospective Payment System

- Single bundled case mix adjusted payment to facilities for each treatment
- Costs reflected treatment costs and supplies, certain ESRD drugs and ESRD laboratory tests



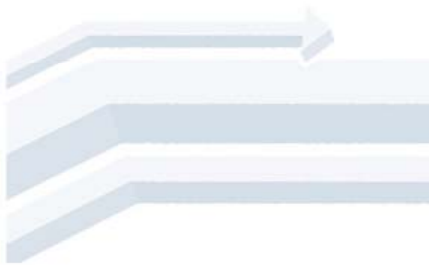
Case Mix Adjusters


- Age
- Body Mass Index (low)
- Body Surface Area (low)

- Acute Pericarditis
- Acute GI Bleeding
- Acute Bacterial Pneumonia
- Sickle Cell Anemia with Hemolysis
- Myelodysplastic Syndrome
- Monoclonal Gamopathy

- Incident Patients (< 120 days)

- NOT Race and NOT Sex





Why are we talking
about economic factors
at a Network meeting?

The Payment Bundle

HAS AN IMPACT ON THE ENTIRE
DIALYSIS TEAM



Clinic Managers: the economic heart of the bundling engine

- will need to understand the calculations
- properly bill outlier payments, case mix adjusters, apply the wage adjustment, monitor lab testing, watch drug usage, document, document, document

Physicians/Medical Directors: consistent anemia management, lab testing are key roles. What will be the impact on joint venture arrangements?

Nurses, Dietitians, Hemodialysis Technicians, Social Workers: on the front line of patient care. Conditions for Coverage requirements will become a bigger part of quality improvement (QIP), tied to pay-for-performance. New CPMs on the way, too.

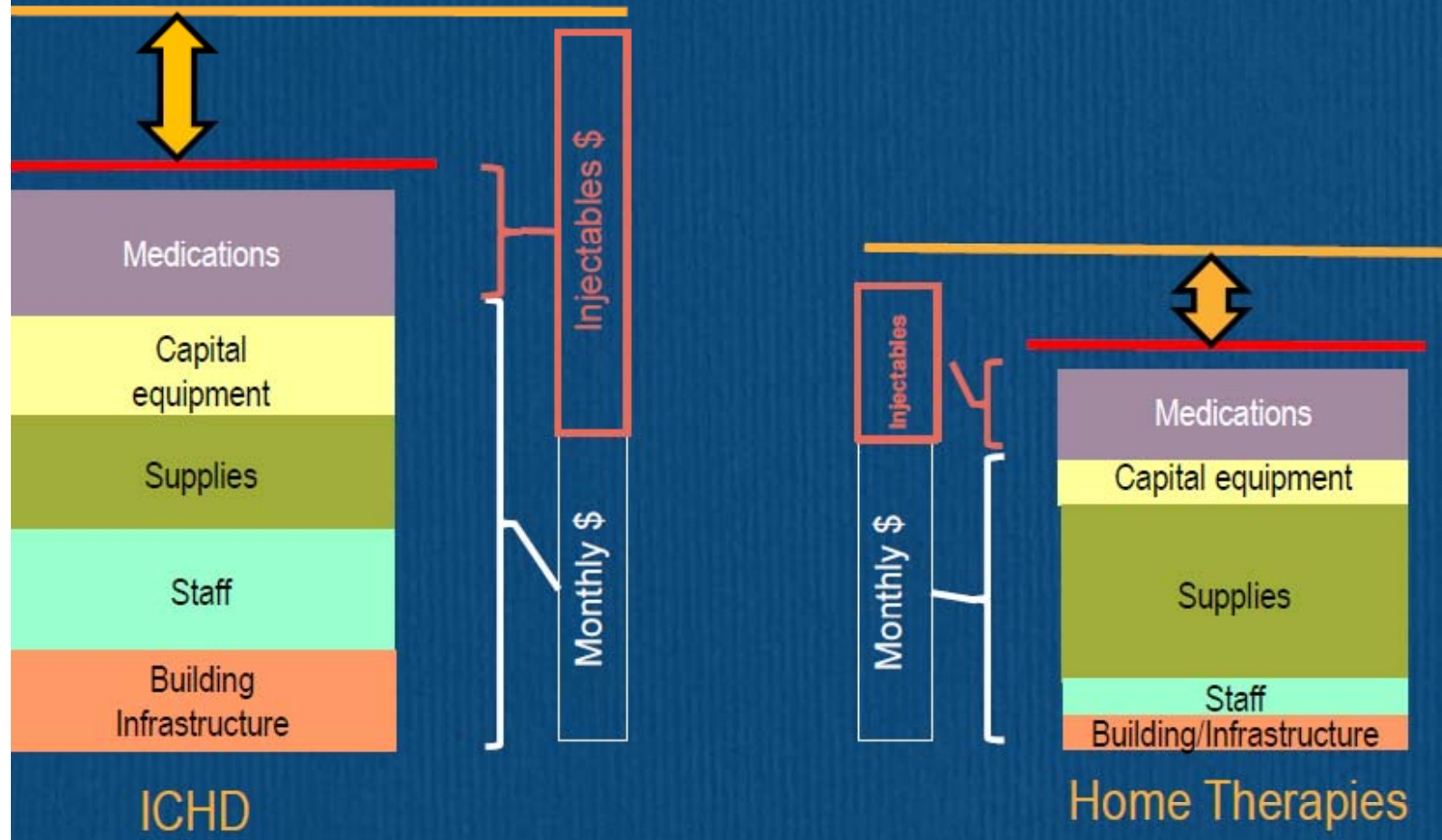


Source: NN&I Webinar



What happens to home
dialysis?

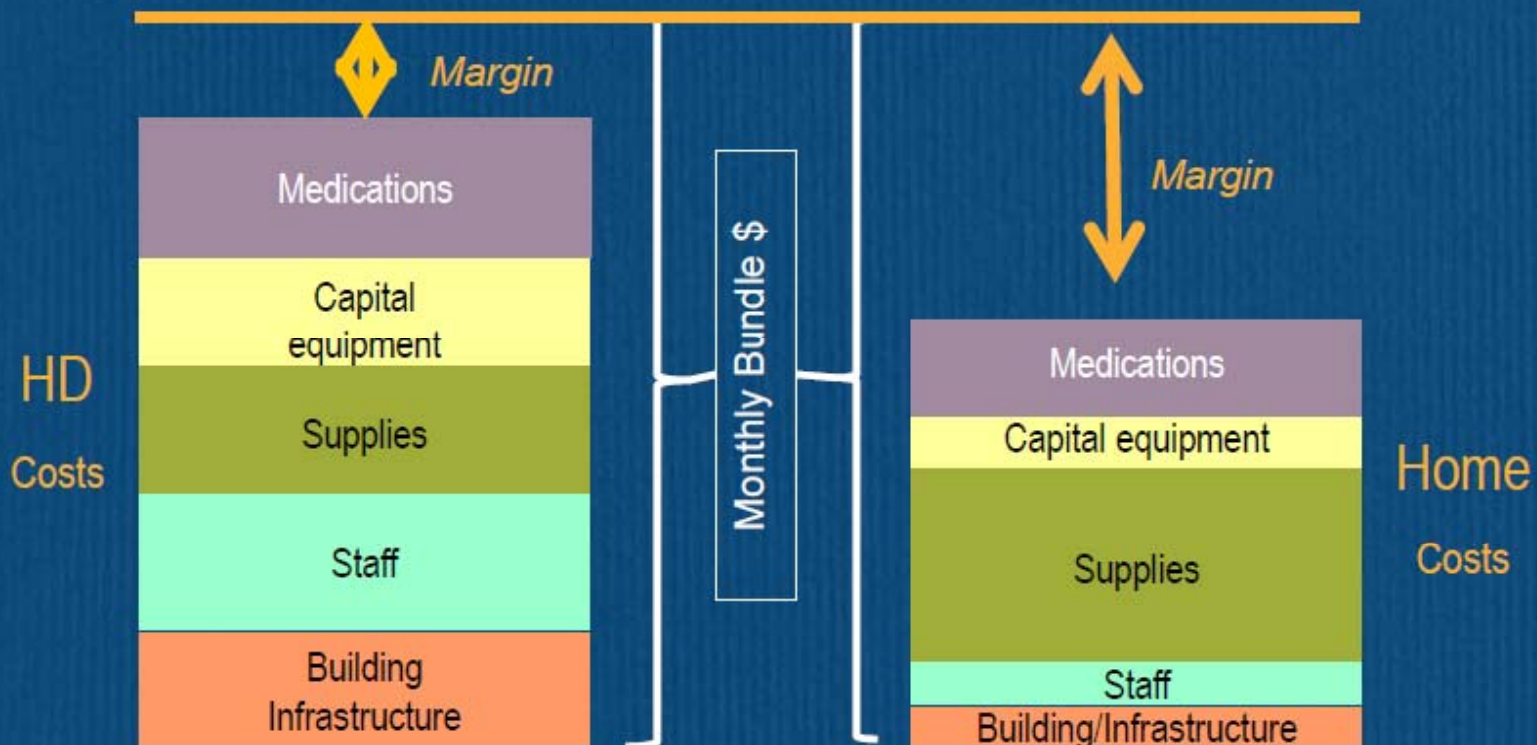
Facility Margin 2010 : Billables > Overhead Costs



Source: Dr. James Sloand, NN&I Webinar

Facility Reimbursement **2011**: Bundle = Fixed Payment

*Facilities Can
Improve Margin through Lower Fixed and Variable Costs*



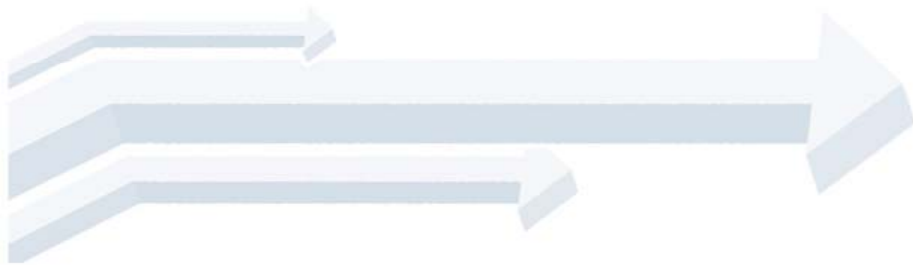
Source: Dr. James Sloand, NN&I Webinar



Quality Incentive Program

QIP: Nonpayment for Nonperformance

- 2% withhold, incremental pay-back for achieving “total performance score” based on
 - ▣ % of patients with Hb <10 (more is lower score)
 - ▣ % of patients with Hb >12 (more is lower score)
 - ▣ % of patients with URR >65% (more is higher score)
- Hb and URR data averaged for each patient over entire year (initially using 2010 data)
- QIP begins in 2012



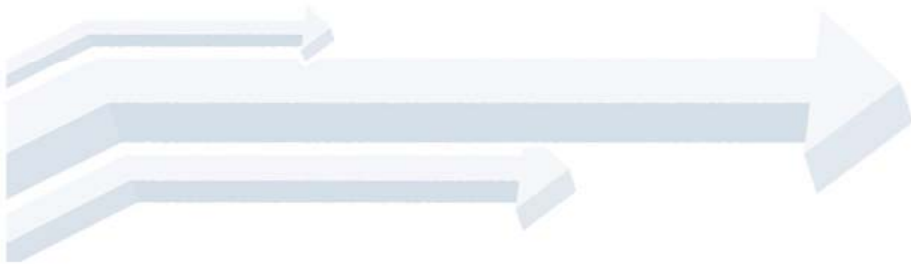
Total Performance Score

- Each of three measures is worth 10 points
- If the provider meets the performance standard, it would receive all 10 points for each measure
- If the provider fails to meet the performance standard, it is docked 2 points for each 1% below the standard
- The standard can be EITHER national data from 2008 or the facility's own data from 2007
- Hb <10 is weighted at 50%; Hb >12 and URR >65% are each weighted at 25% of the total performance score

Source: Jay Wish MD NN&I Webinar

Payment Reduction Scale

| Total Performance Score | Payment Reduction |
|-------------------------|-------------------|
| 26-30 | 0% |
| 21-25 | 0.5% |
| 16-20 | 1.0% |
| 11-15 | 1.5% |
| 0-10 | 2.0% |



Source: Jay Wish MD NN&I Webinar

ESRD Quality Incentive Program

Future Measures Required in Medicare Improvement for Patients and Providers Act (MIPPA)

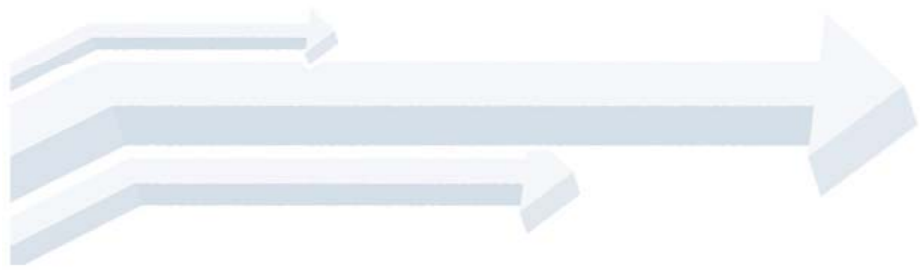
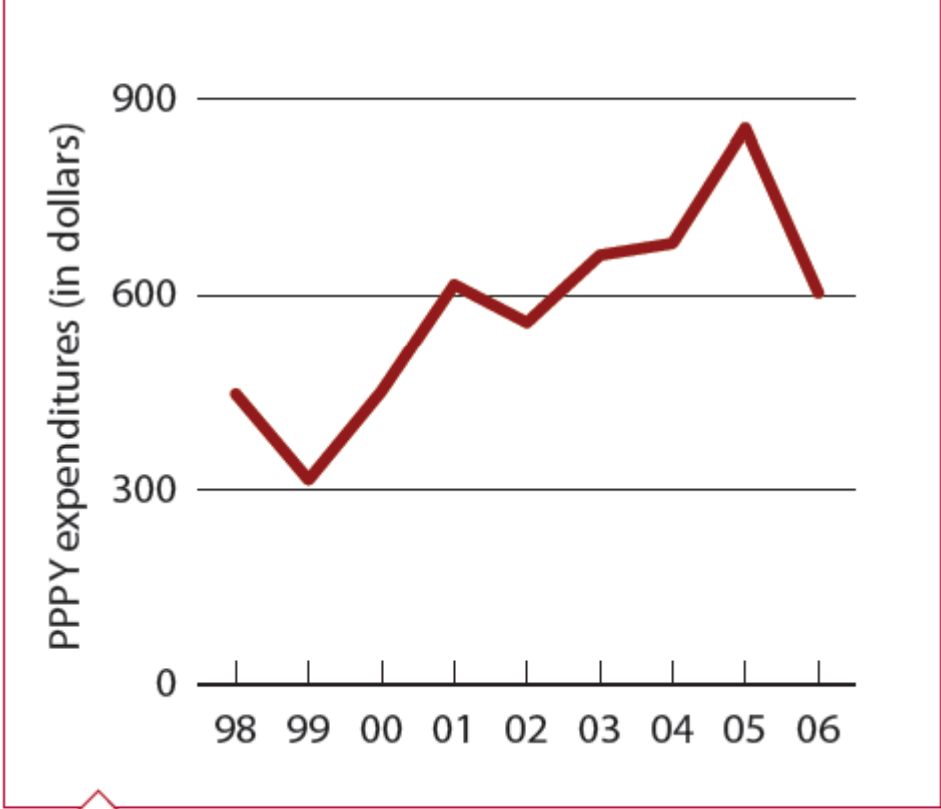
- Patient Satisfaction
- Iron Management
- Bone Mineral Metabolism (i.e. calcium and phosphorus)
- Vascular Access

Not Required But Being Considered by CMS

- KT/V
- Access Infection Rate
- Fluid Weight Management
- Pediatric Measures

Note: Expert Panel Meeting Synthesis Report was Submitted to CMS 7/30/2010

11 **20**_{ii} **Total inpatient PPPY costs for vascular access infection**



Source: 2009 USRDS Annual Report

Role of the Network as the Tides Change

- Front line advocate for quality patient care – ALWAYS
- Front line resource for patients, family, provider information and explanation
- Front line responder to patient concerns and grievances as we all strive to achieve the goals
- Front line equal representation of all patients/providers: hospital-based, rural, LDOs
- Front line monitoring and reporting barriers to access of ESRD services
- Front line coordination of rollout for CROWNWeb (electronic web-based data system)

