

Protect Dialysis Patient Access and Quality of Care from Draconian Cuts *Medicare Dialysis Rate Cut of 9.4% Threatens a Kidney Care Crisis*

With 82% of dialysis patients relying on Medicare, this drastic cut threatens patient access and quality of care:

- A cut of this magnitude will surely result in the closure of many facilities that are already operating in the red.
- Many facilities are likely to reduce staffing hours, jeopardizing patient health as recent studies have found significant increases in mortality rates related to patient diet, adherence and willingness to learn when nurse, social worker and dietician hours are reduced.
- These cuts also discourage investment, deterring providers from opening additional facilities at a time when the number of end stage renal disease (ESRD) patients continues to grow.
- We should be increasing funding for care when one in seven Americans is at risk for kidney disease, not proposing cuts that virtually no other patient group has seen. Congress should ensure that payments are adequate for this life saving therapy.

CMS' proposed Dialysis Payment Rule for 2014 reduces funding for the Medicare ESRD Program by 9.4%—more than double the Medicare margin of the average facility.

- CMS acted pursuant to a mandate in the American Taxpayer Relief Act of 2012 (the fiscal cliff bill) to “rebase” the bundled payment rate based on changes in the utilization of certain ESRD medications. A 9.4% cut substantially exceeds the average Medicare margin of a dialysis facility, estimated by the Medicare Payment Advisory Commission (MedPAC) to be between 3% to 4%, before accounting for sequestration.
- An analysis from The Moran Company finds that in 2011, 32% of facilities (962) with 2011 Medicare cost reports studied operated at a loss. The proposed 9.4% cut would increase this proportion to 67% (2,040). According to Moran’s analysis, facilities’ 3.6% mean gross margin in 2011 would be replaced by a 6.4% mean gross loss without accounting for the current 2% sequestration cut to the Medicare payment.
- **CMS ignored its other statutory mandate: to calculate rates based on the overall costs of providing care and sound economic and equitable considerations.**

Experts recommend against the proposed cut:

- The Medicare Payment Advisory Commission (MedPAC) has recommended that dialysis payment rates hold steady in 2014.
- With regard to rebasing, MedPAC Chairman Glenn Hackbarth stated: **“Given that this change in the pattern of care is relatively recent, and given that... we need some more time to assess both its financial and clinical implications for patients... the prudent thing to do is to hold the rates constant as opposed to move quickly to reducing the rates. I have been a strong proponent of rebasing rates in other sectors... but that was only after years' worth of evidence that the payments were out of line with the cost of care delivery. Here, in the case of dialysis, we are in the midst of an unfolding development, and... the prudent course is to hold rates constant while we allow events to unfold...”**

Medicare’s ESRD benefit has been the shining success story in government-financed health care.

Dialysis patients are counting on Congress to protect funding for this life-saving program.