

ESRD Update – Pay for Performance (P4P)

Note: This is an update and additional information will be shared as it becomes available

On **July 15, 2008**, Congress overwhelmingly overrode the President's veto of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA, H.R. 6331). The legislation stopped an over ten percent (10.6 %) decrease in payments to physicians that took effect July 1, 2008 and provided long awaited, fundamental reforms to the End Stage Renal Disease (ESRD) payment system. With an affirmative vote overriding the presidential veto in the House of Representatives of 383 to 41 and in the Senate of 70 to 26, Congress sent a clear message that it was committed to protecting physician payments and implementing ESRD payment reform.

What follows is the most up to date information that the Network could find related to P4P as it relates to ESRD. This data comes from MedPAC (Medicare Payment Advisory Commission), advisor to the US Congress. On **September 4, 2008**, Nancy Ray, a MedPAC analyst, noted the following:

1. Pay-for-Performance for ESRD is scheduled to start in **2012**.
2. The Quality Parameters for P4P will include:
 - Anemia Management
 - Dialysis Adequacy
 - Patient Satisfaction
 - Iron Management
 - Bone Mineral Metabolism
 - Vascular Access
3. Clinics not meeting minimum P4P standards could see a 2 percent (2%) reduction in payments (Network note: For example, the facility that billed Medicare for \$100,000 and was given a 2 percent (2%) decrease would be reimbursed \$2,000 less than it billed for. The facility would receive only \$98,000 from Medicare.)
4. All clinics will have their P4P scores posted online (publicly reported)
5. The first P4P system will be based on a facility's performance between 2007 and 2009 or the national average. The standard is set to change in subsequent years.
6. In **2009** and **2010** MIPPA brings the dialysis clinics 1percent (1%) composite rate increases.
7. The Health and Human Services (HHS) Secretary will have the power to update the payment rate.
8. In **2012** dialysis clinics will see an annual update. Prior to MIPPA, clinics would not see a reimbursement update unless it had been mandated by an act of Congress.
9. Starting in **2011** certain things may be billed separately such as billable drugs and lab tests that are not part of the composite rate.
10. The Secretary will have the ability to set the unit of payment for dialysis. Currently, dialysis units are paid per treatment.
11. The Secretary could start paying facilities on a weekly or monthly basis.
12. The Secretary must also adjust payments for high-cost patients and for low-volume facilities that have high costs.