

H.R. 6331

THE MEDICARE IMPROVEMENTS FOR PATIENTS AND PROVIDERS ACT:

BETTER CARE FOR PATIENTS WITH END-STAGE RENAL DISEASE

After a brief waiting period, Medicare provides coverage to all patients who are stricken with kidney failure (clinically known as end-stage renal disease, or ESRD), regardless of age. Under existing law, Medicare pays dialysis facilities one lump sum payment reflecting most items and services needed to treat these patients, but pays several additional separate payments for certain drugs and laboratory services that are equally important to treatments.

H.R. 6331, the “Medicare Improvements for Patients and Provider Act of 2008” (MIPPA) will modernize Medicare payments for dialysis services by “bundling” all the costs of ESRD care into a single payment, implementing longstanding recommendations from the Medicare Payment Advisory Commission (MedPAC) and the Government Accountability Office (GAO). Modernization of the payment system will remove incentives for facilities to overuse items and services that are currently separately billed. This change is critically important, as the existing system includes a perverse financial incentive to dose higher levels of the anti-anemia drug, Epogen, which can put patients at risk of death and serious cardiovascular events. The new system will protect patients while incentivizing more efficient provider behavior, consistent with the philosophy governing many of Medicare’s other payment systems. This change, along with quality and education measures in the legislation, can lead to improvements in the care that ESRD patients receive. The bill includes the following:

- **Requires the Secretary of Health and Human Services to modernize the dialysis payment system.** Under MIPPA, the Secretary must implement a fully bundled payment system for ESRD, effective January 1, 2011. The legislation details the items and services to be included in the bundled payment, including drugs and laboratory tests that are currently paid for separately.
- **Protect Patients with More Complex Needs.** The bill takes several steps to ensure proper care for Medicare beneficiaries with more complex needs, including putting in place protections to ensure that every patient will get the Epogen they need to manage their anemia. First, the bill *requires* case mix adjustment, which adjusts payments upwards for more complex patients with higher costs of care. Second, the bill *requires* additional reimbursement to help providers cover high-cost outlier patients. Third, the legislation *requires* providers of ESRD services to meet a certain standard for quality of care. Providers may meet performance standards by demonstrating improvement or high levels of achievement. The bill authorizes cuts in payments to ESRD providers who do not meet specified quality targets.

- **Increases payments to providers of ESRD services.** The bill provides a permanent market-based update to providers of renal dialysis services. The bill also takes additional steps to ease the transition to a bundled payment system, such as providing for a four-year phase-in and requiring additional payments for low-volume facilities. In addition, MIPPA allows for extra payments to pediatric, rural, or other providers that may require additional resources to provide high-quality care to their patients.
- **Increases outreach and education programs for patients with kidney disease.** The legislation requires the establishment of pilot programs to track, screen for, and increase awareness of chronic kidney disease. It also requires Medicare to pay for kidney disease education services that will help beneficiaries manage health problems that come along with the disease, prevent additional complications, and understand their dialysis options.