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Centers for Medicare & Medicaid Services
Room 352-G
200 Independence Avenue, SW
Washington, DC 20201

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Contact: CMS Media Relations
(202) 690-6145 | CMS Media Inquiries

Trump Administration Strengthens Medicare by Fostering Innovation and Modernizing Payment Methodologies to Provide Kidney Patients with Better Value and Results

Changes will drive innovation in End-Stage Renal Disease (ESRD) treatment and adopt modern, private sector pricing approaches for Durable Medical Equipment (DME)

Today, the Trump Administration and the Centers for Medicare & Medicaid Services (CMS) finalized changes to the Medicare rules for Durable Medical Equipment Prosthetics, Orthotics, and Supplies (DMEPOS), the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS), and the ESRD Quality Incentive Program (QIP). These changes support the development and use of innovative technologies, provide greater access to new treatments in kidney care and modernize our program integrity methods to better combat waste, fraud and abuse in the Medicare program. They are also aligned with the goals of President Trump's two recent Executive Orders on Advancing American Kidney Health and Protecting and Improving Medicare for Our Nation's Seniors.

"For too long, Medicare beneficiaries suffering from kidney disease have also suffered under outdated government regulations that stand in the way of the care they need. This final rule – as well as President Trump's executive orders issued earlier this year - signals that those days are waning," said CMS Administrator Seema Verma. "We are modernizing payment for durable medical equipment and advancing innovative solutions to deliver necessary treatment to those with kidney disease. This rule marks the beginning of a new era for kidney care."

Currently, there are more than 430,000 Medicare Fee for-Service beneficiaries with ESRD and they typically spend 12 hours a week attached to a dialysis machine. Many beneficiaries with ESRD suffer from poor health outcomes, such as higher hospitalization and mortality rates, often the result of underlying disease complications and multiple co-morbidities.

In 2016, Medicare spent $35.4 billion to cover people with ESRD, representing more than 7.2 percent in Medicare spending. On average, Medicare spends seven times more on beneficiaries with ESRD than the average beneficiary. In order to ensure that ESRD patients receive the best possible care and to maximize how we use taxpayer dollars, the policies in the final rule will help to better recognize costs for new therapies under the ESRD PPS that will spur more innovation in kidney care. Under the rule, certain new and innovative equipment and supplies used to care for

an ESRD patient will qualify for a transitional add-on payment adjustment. This change will create incentives for ESRD facilities to provide the innovative therapies that will improve health outcomes.

In this rule, we are making refinements to payment for new kidney-related drugs. These changes will better target the payment to innovative new renal dialysis drugs that will encourage ESRD facility uptake of the latest therapies. These changes are consistent with the goals outlined in the recent executive order to encourage innovation for patients.

The rule also will establish methodologies to modernize the pricing of new Durable Medical Equipment Prosthetics, Orthotics, and Supplies (DMEPOS) items and services. This will provide greater transparency for innovators regarding how CMS determines if new items and services are comparable to older items and services for Medicare pricing purposes. The rule also promotes competition and innovation in DMEPOS by setting Medicare payment for new items based on commercial pricing data.

Aligned with the goals of the Patients over Paperwork initiative, CMS is committed to reducing burden while eliminating potential fraud and abuse. In the final rule, CMS is simplifying its DMEPOS payment requirements so that practitioners can focus their attention on caring for Medicare beneficiaries. To help with this effort, CMS is streamlining the requirements for ordering DMEPOS items and developing a single list of DMEPOS items potentially subject to payment requirements. The final rule increases CMS flexibilities, allowing for quicker action for potential fraud and abuse without increasing provider burden.

For a fact sheet on the CY 2020 final rule (CMS-1713-F), please visit: https://www.cms.gov/newsroom/fact-sheets/cy2020-end-stage-renal-diseasedurable-medical-equipment-final-rule-cms-1713-f

To view the final rule, please visit: https://www.federalregister.gov/inspection.aspx.

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