

For Immediate Release



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NRAA Commissions Report on CMS Payment Analysis

December 13, 2018 – The National Renal Administrators Association (NRAA) has commissioned Dobson | DaVanzo & Associates, LLC, a health economics and policy consulting firm, to examine the accuracy of Medicare End Stage Renal Disease Prospective Payment System (ESRD PPS) rate setting as influenced by dialysis provider Medicare Cost Reports (MCRs). The study evaluated how MCR data affects payment rates for dialysis services and proposed cost report instruction and content changes to CMS as warranted. This was done by identifying areas where cost are reported inconsistently, patterns of cost which may differentiate sections of the industry and potential flaws in the payment system rooted in cost report data.

With a methodical approach, Dobson | DaVanzo and the NRAA conducted a literature review to determine key analytical variables as used in the PPS and policy context as well as a thorough quantitative analysis of 2016 MCR data pertaining to key variables as applied in payment system rate setting. In addition, a Technical Expert Panel (TEP) representative of NRAA membership with significant and diverse expertise in cost-reporting and dialysis payment provided input on ongoing quantitative analyses as well as context to findings and interpretation.

The thirteen TEP members included industry experts and stakeholders representing free-standing independent facilities, small-to-medium sized chains, hospital-based facilities and private MCR contractors. The diverse TEP panel was crucial to the study as well as representative of the industry today. NRAA tapped into several organizational leaders who provided their unique perspectives and experiences so that we have a much better understanding of how Medicare cost reports impact all types of dialysis facilities in the industry.

“The data provides confirmation that NRAA’s ongoing work to analyze the impacts of the Medicare ESRD prospective payment system on the ability of independent, small- and medium-sized providers to deliver high-quality care is critical – particularly for those clinics that are in rural areas and treat a low volume of patients. NRAA is looking forward to our ongoing discussions with CMS to better ensure that Medicare makes payments to dialysis providers that are accurate and adequate for the care delivered,” Marc Chow, NRAA Executive Director.

Five key findings in the report include:

- Systematic comorbidities reporting problems may lead to inadequate data in rate setting and thus payment adjustors may not align well to costs
- The low-volume facility adjustments in the ESRD PPS may not accurately reflect costs or be adequate to support facilities with low treatment volume
- The rural and low-volume adjustments in the ESRD PPS may not effectively target facilities in need
- Hospital and home dialysis cost report items appear to be currently constructed in a way which result in somewhat unwieldy data

The study categorized the industry based on the modeling conducted for the 2016 refinements to the ESRD PPS. This was done to approximate our findings as closely as possible to the regression mechanism used in the ESRD PPS. ESRD PPS Payment determinations base rate is derived from historical (2007) data trended forward for inflation, productivity, sequestration, rebasing, case-mix resets, etc.

NRAA has the full report for download, including background, key finding details, and recommendations on www.nraa.org

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NRAA is a voluntary organization representing dialysis providers throughout the United States. Since 1973, the diverse membership is primarily comprised of small dialysis organizations and medium-sized dialysis organizations, as well as for-profit and non-profit providers serving patients in urban, rural and suburban areas in both freestanding and hospital-based facilities. NRAA is the leading resource and voice for the independent and community-based dialysis providers. For more information, visit www.nraa.org