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Centers for Medicare & Medicaid Services
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Office of Media Affairs

MEDICARE FACT SHEET

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**MEDICARE PROPOSES NEW QUALITY INCENTIVE
PROGRAM FOR END-STAGE RENAL DISEASE SERVICES**

OVERVIEW: Today the Centers for Medicare & Medicaid Services (CMS) issued a proposed rule that would establish a quality incentive program (QIP) for facilities that furnish renal dialysis services to Medicare beneficiaries who are diagnosed with end-stage renal disease (ESRD). The QIP would apply to both hospital-based and freestanding facilities. The QIP, which was required by the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), is designed to foster improved outcomes for ESRD patients by establishing performance standards for dialysis facilities.

Section 153(c) of MIPPA specifically requires that CMS incorporate measures based on hemodialysis adequacy and anemia management into the QIP. CMS proposed three initial quality measures, one on hemodialysis adequacy and two on anemia management, for the QIP in the ESRD prospective payment system (PPS) proposed rule, and finalized these measures in the ESRD PPS final rule, also issued today. In the QIP proposed rule, CMS is proposing the performance standards, how these measures will be scored, and how the scores will affect the facility's payment rates in 2012.

Under the new ESRD QIP, CMS would evaluate a facility's performance year to year on specific performance measures. Those facilities that do not meet or exceed certain performance scores with regard to performance standards established for specified quality measures could potentially have their payments for dialysis services reduced by up to 2 percent, beginning for services on or after Jan. 1, 2012.

BACKGROUND: The QIP continues a long tradition of work by CMS to improve the quality of care for beneficiaries with ESRD. Since 1978, Medicare has worked through ESRD Network Organizations to monitor and improve the quality of care furnished to ESRD beneficiaries.

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Since 2001, CMS has published information for consumers about the quality of dialysis care through Dialysis Facility Compare at www.medicare.gov.

The QIP, which is the first pay-for-performance program in a Medicare fee-for-service payment system, builds on existing quality improvement efforts that seek to transform Medicare from a passive payer of claims based on the volume of services facilities provide to beneficiaries to an active purchaser of health services based on the quality of care beneficiaries receive.

Section 153(c) of MIPPA requires, among other things, that CMS select measures, develop a scoring methodology, and implement a payment reduction scale that relates to facilities' performances. Under the proposed QIP, a percentage of the facility's dialysis payment would be contingent on the facility's actual performance on a specific set of performance standards. Payment consequences are to begin on Jan. 1, 2012 based on facilities' performances during a performance period before 2012 that is established in this proposed rule.

FINAL QIP MEASURES: The ESRD PPS final rule issued today finalizes the following three measures for use in the first year of the QIP:

- Hemodialysis Adequacy: Achieved urea reduction ratio (URR) of 65 percent or more; and
- Anemia Management: Controlled anemia, as shown in two measures:
 - the percentage of patients at a facility whose hemoglobin levels were less than 10 grams per deciliter (g/dL), and
 - the percentage of patients at a facility whose hemoglobin levels were greater than 12 g/dL.

Facilities have already been reporting these measures on claims, and the results for each facility are available to the public on the Dialysis Facility Compare (DFC) website on Medicare.gov at:

www.medicare.gov/Dialysis/Include/DataSection/Questions/SearchCriteria.asp?version=default&browser=IE%7C7%7CWinXP&language=English&defaultstatus=0&pagelist=Home.

As required by MIPPA, CMS will reduce the payment rates for facilities that do not meet or exceed proposed total performance scores. CMS is proposing to create a sliding scale of reductions, depending on the facility's total performance score, with a maximum reduction of 2.0 percent.

PROPOSED PERFORMANCE STANDARDS AND SCORING:

Proposed Performance Period: CMS proposes a performance period for the entire calendar year (CY) 2010. Although QIP payment reductions do not occur until Jan. 1, 2012, the

performance period would need to occur before 2012 to allow enough time for claims processing and to evaluate facilities' performance. The CY 2010 claims would be the most recent full set of accurate data upon which to assess provider/facility performance.

Performance Standard And Base Utilization Year: As required by MIPPA for the first year of the QIP, CMS proposes to use as the performance standards, the lesser of (a) the national performance rates for each measure or (b) the facility's actual performance rate in 2007, which is the base utilization year established in the ESRD PPS, for each measure. The national performance rate for the first year of the QIP will be based on 2008 data (the most recent data available).

Weights Of Performance Standards: The statute allows CMS to assign different weights to the measures to reflect priorities for quality improvement, giving providers strong incentives to meet or exceed a certain performance standards. As such, CMS is proposing to give a weight of 50 percent of the total performance score to the hemoglobin less than 10 g/dL measure, and to give weights of 25 percent to each of the other two measures (Dialysis Adequacy [URR] at least 65% and hemoglobin greater than 12 g/dL).

Total Performance Scoring Methodology: CMS is proposing to set a maximum score of 10 points for each measure, with a total performance score of 30 points possible. For every 1.0 percentage point an individual facility's performance falls below the scale of standards to be established, CMS is proposing to subtract 2 points from the maximum points for each measure. CMS is then proposing to calculate a total weighted performance score by applying the weights of each measure to each individual performance score. The resulting scores for the individual measures would then be used to determine a facility's Total Performance Score.

Payment Reduction Scale: CMS is proposing the following scale for reducing the facility's payment rate based on the Total Performance Score as follows:

SCORE	REDUCTION
26-30 points	0.0 percent
21-25 points	0.5 percent
16-20 points	1.0 percent
11-15 points	1.5 percent
0-10 points	2.0 percent

Program Monitoring and Evaluation: CMS plans to have a comprehensive monitoring plan in place when the ESRD PPS begins on Jan. 1, 2011. The monitoring program will ensure continued access to and quality of care for beneficiaries with ESRD. CMS will utilize its existing infrastructure for quality oversight in the ESRD facilities as the new system is implemented.

CMS will accept public comments on the proposed rule through Sept. 24, 2010. CMS will review all comments and respond to them in a final QIP rule scheduled to be released by the end of 2010.

To view the ESRD QIP proposed rule, please see: www.ofr.gov/inspection.aspx.

For more information about CMS' ESRD programs, please visit www.cms.gov/center/esrd.asp.

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