BETTER BENEFITS – MORE CHOICES

Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!

End Stage Renal Disease (ESRD) Program

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) made a number of changes to the ESRD program, including the following:

Changes to Payment Amounts:

- The composite rate will be increased by 1.6% for services provided on or after January 1, 2005.

- The prohibition on dialysis facility exceptions to the composite rate (BIPA 422) is made inapplicable to pediatric facilities (those with 50% of patients under age 18).

- Beginning with services furnished on January 1, 2005, the Secretary shall establish a basic case-mix adjusted prospective payment system, for a limited number of patient characteristics and adjusted by a geographic index. The new system includes the services in the composite rate, as increased by 1.6 percent, and the spread on separately billable drugs (including erythropoietin) as determined by the IG reports.

  Beginning with 2006, the Secretary will annually increase the basic case-mix adjusted payment amounts by estimated growth in drug expenditures applied only to the spread component. In 2004, separately billable drugs will be paid the same as current law. In 2005, they will be paid acquisition costs. In 2006 and beyond, the Secretary will determine whether payment is acquisition cost or under the ASP. Drugs and biologicals (including erythropoietin), which were separately billable before the date of enactment, will continue to be separately billable.

Demonstration Project:

- By October 1, 2005, the Secretary is required to submit a report to Congress detailing the elements and features for the design of a bundled prospective payment system for services furnished by ESRD facilities. (i.e., bundle, case mix, wage index, rural area payment adjustments, etc).

- Beginning on January 1, 2006, the Secretary must establish a 3-year demonstration project of the use of a fully case-mix adjusted payment system for ESRD services for certain patient characteristics. Drugs and biologicals that are separately billed by ESRD facilities and clinical lab tests related to those drugs will be bundled into the payment. No more than 500 providers may participate. $5,000,000 is authorized to be appropriated in FY2006 to conduct this demonstration. Additionally, the Secretary must create an Advisory Board to provide advice and recommendations with respect to its establishment and operation.

IG Report:

- The Inspector General (IG) is required to do two reports:

  (1) On existing drugs (drugs for which a billing code exists prior to January 1, 2004), due by April 1, 2004; and
  (2) On new drugs (drugs for which a billing code does not exist prior to January 1, 2004).

- Both IG reports are required to: compare the payments made to facilities for the drugs to the acquisition costs by such facilities for the drugs; and estimate the rates of growth for expenditures on such drugs and biologicals by facilities.