



Highlights of [GAO-09-537](#), a report to congressional committees

Why GAO Did This Study

Medicare covers dialysis—a process that removes excess fluids and toxins from the bloodstream—for most individuals with end-stage renal disease (ESRD), a condition of permanent kidney failure. Most patients with ESRD receive dialysis in a facility, while some patients with ESRD are trained to self-perform dialysis in their homes. The Centers for Medicare & Medicaid Services (CMS)—the agency that administers the Medicare program—has taken steps to encourage home dialysis and is in the process of changing the way it pays for dialysis services. Effective 2011, CMS will pay for dialysis services using an expanded bundled payment.

The Tax Relief and Health Care Act of 2006 required GAO to report on the costs of home dialysis treatments and training. GAO examined (1) the extent to which the costs of home dialysis differ from the costs of dialysis received in a facility, and (2) CMS's plans to account for home dialysis costs in the expanded bundled payment. GAO obtained information from CMS, the U.S. Renal Data System, ESRD experts, and self-reported cost information from six dialysis providers.

What GAO Recommends

GAO recommends that CMS establish and implement a formal plan to monitor the expanded bundled payment system's effect on home dialysis utilization rates. CMS agreed with GAO's recommendation.

[View GAO-09-537](#) or [key components](#). For more information, contact Linda T. Kohn at (202) 512-7114 or kohnl@gao.gov.

END-STAGE RENAL DISEASE

CMS Should Monitor Effect of Bundled Payment on Home Dialysis Utilization Rates

What GAO Found

The self-reported cost information GAO obtained from dialysis providers—including a large chain provider, small nonprofit providers, and a hospital-based provider—indicated variation in the costs to provide home dialysis when compared with costs to provide dialysis in their facility. The six dialysis providers reported lower costs per treatment to provide home dialysis than to provide dialysis at a facility, though the amount by which home dialysis costs were lower varied widely among the providers. Because patients who dialyze at home typically receive dialysis treatments more than three times per week, some providers' costs to provide home dialysis on a weekly basis can be higher than their costs to provide dialysis at a facility. However, other dialysis providers reported lower costs per week to provide home dialysis compared with dialysis provided in a facility. Additionally, several dialysis providers indicated that, for home dialysis patients, the costs of a dialysis treatment with a training session were significantly higher than the costs of a dialysis treatment without a training session.

At the time of GAO's review CMS officials said they are considering factoring the costs of home dialysis treatments and training into the expanded bundled payment, but the details for the expanded bundled payment are still under development and subject to change. CMS officials told GAO that the expanded bundled payment would create incentives for providers to offer home dialysis instead of dialysis at a facility, because although some costs associated with home dialysis may be higher for providers, other efficiencies will offset those costs. For example, although supply costs may be higher for home dialysis, other costs of providing home dialysis—such as drugs, staff, and overhead—will be lower, and thus, in CMS's view, will encourage providers to offer home dialysis. However, concerns have been raised that the way that CMS is considering accounting for the costs of home dialysis in the expanded bundled payment might not encourage providers to offer home dialysis, as CMS expects. For example, some dialysis providers raised concerns that because home dialysis generally consists of more than three dialysis treatments per week—which may result in higher weekly costs to provide home dialysis compared with dialysis received in a facility—providers may not be encouraged to offer home dialysis. CMS officials indicated that CMS intends to assess the effect of the expanded bundled payment on home dialysis utilization rates, but CMS has not established formal plans to monitor this effect.