A substantial number of ESRD facilities do not achieve minimum patient outcomes specified in clinical practice guidelines, with significant proportions of their patients receiving inadequate dialysis or treatment for anemia. Similarly, inspections of dialysis facilities by state survey agencies have uncovered numerous problems that put patient health at risk. Between fiscal years 1998 and 2002, these inspections, commonly called surveys, revealed that 15 percent of facilities surveyed had serious quality problems that, if left uncorrected, would warrant termination from the Medicare program. Serious deficiencies commonly found during surveys included medication errors, contamination of water used for dialysis, and insufficient physician involvement in patient care.

Infrequent, poorly targeted, and inadequate inspections allow facilities' quality of care problems to go undetected or remain uncorrected. Specifically:

- Although ESRD survey activity has increased in recent years, only nine state survey agencies consistently met CMS's goal to inspect 33 percent of ESRD facilities annually.
- A substantial number of facilities go many years between inspections. In fiscal year 2002, 216 facilities nationwide went 9 or more years without an inspection.
- Deficiencies may not have been detected during an inspection if the surveyors had little experience in assessing dialysis quality.
- Even when deficiencies are identified and facilities take corrective action, little incentive exists for these facilities to remain in compliance. Data show a pattern of repeated serious deficiencies in successive inspections of an individual facility. No effective sanctions are available to enforce compliance, short of terminating the facility from the Medicare program, which is rarely done.

Federal monitoring of state agencies’ performance of surveys and technical assistance provided is uneven across CMS regions. CMS substantially increased its funding for ESRD surveys from an estimated $3.1 million in fiscal year 1998 to $8.2 million in fiscal year 2002. At the same time, several CMS regional offices in our study did not actively oversee how the state agencies used these funds to improve survey activities. CMS has not taken steps needed to facilitate information sharing between federally funded ESRD networks and state agencies on the performance of individual dialysis facilities—information that could help states to target their inspection resources. In addition, CMS has not offered adequate training opportunities for surveyors inspecting ESRD facilities.