

# GAO Highlights

Highlights of [GAO-16-125](#), a report to the Subcommittee on Health, Committee on Ways and Means, House of Representatives

## Why GAO Did This Study

In 2013, Medicare spent about \$11.7 billion on dialysis care for about 376,000 Medicare patients with end-stage renal disease, a condition of permanent kidney failure. Some of these patients performed dialysis at home, and such patients may have increased autonomy and health-related quality of life.

GAO was asked to study Medicare patients' use of home dialysis and key factors affecting its use. This report examines (1) trends in home dialysis use and estimates of the potential for wider use, (2) incentives for home dialysis associated with Medicare payments to dialysis facilities, and (3) incentives for home dialysis associated with Medicare payments to physicians. GAO reviewed CMS policies and relevant laws and regulations, and GAO analyzed data from CMS (2010-2015), the United States Renal Data System (1988-2012), and Medicare cost reports (2012), the most recent years with complete data available. GAO also interviewed CMS officials, selected dialysis facility chains, physician and patient associations, and experts on home dialysis.

## What GAO Recommends

GAO recommends that CMS (1) take steps to improve the reliability of the cost report data, (2) examine and, if necessary, revise policies for paying physicians to manage the care of dialysis patients, and (3) examine and, if appropriate, seek legislation to revise the KDE benefit. HHS concurred with the first two recommendations but did not concur with the third. GAO continues to believe this recommendation is valid as discussed further in this report.

View [GAO-16-125](#). For more information, contact James Cosgrove at (202) 512-7114 or [cosgrovej@gao.gov](mailto:cosgrovej@gao.gov).

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## END-STAGE RENAL DISEASE

### Medicare Payment Refinements Could Promote Increased Use of Home Dialysis

## What GAO Found

The percentage of dialysis patients who received home dialysis generally declined between 1988 and 2008 and then slightly increased thereafter through 2012, and stakeholder estimates suggest that future increases in the use of home dialysis are possible. Dialysis patients can receive treatments at home or in a facility. In 1988, 16 percent of 104,200 dialysis patients received home dialysis. Home dialysis use generally decreased over the next 20 years, reaching 9 percent in 2008, and then slightly increased to 11 percent of 450,600 dialysis patients in 2012—the most recent year of data for Medicare and non-Medicare patients. Physicians and other stakeholders estimated that 15 to 25 percent of patients could realistically be on home dialysis, suggesting that future increases in use are possible. In the short term, however, an ongoing shortage of supplies required for peritoneal dialysis—the most common type of home dialysis—reduced home dialysis use among Medicare patients from August 2014 to March 2015. Some stakeholders were also concerned the shortage could have a long-term impact.

Medicare's payment policy likely gives facilities financial incentives to provide home dialysis, but these incentives may have a limited impact in the short term. According to the Centers for Medicare & Medicaid Services (CMS) within the Department of Health and Human Services (HHS), setting the facility payment for dialysis treatment at the same rate regardless of the type of dialysis gives facilities a powerful financial incentive to encourage the use of peritoneal dialysis when appropriate because it is generally less costly than other dialysis types. However, GAO found that facilities also have financial incentives in the short term to increase provision of hemodialysis in facilities, rather than increasing home dialysis. This is consistent with information from CMS and stakeholders GAO interviewed. For example, facilities may be able to add an in-center patient without paying for an additional dialysis machine, because each machine can be used by six to eight in-center patients. In contrast, for each new home patient, facilities may need to pay for an additional machine. The adequacy of Medicare payments for home dialysis training also affects facilities' financial incentives for home dialysis. Although CMS recently increased its payment for home dialysis training, it lacks reliable cost report data needed for effective fiscal management, which involves assessing payment adequacy. In particular, if training payments are inadequate, facilities may be less willing to provide home dialysis.

Medicare payment policies may constrain physicians' prescribing of home dialysis. Specifically, Medicare's monthly payments to physicians for managing the care of home patients are often lower than for managing in-center patients even though physician stakeholders generally said that the time required may be similar. Medicare also pays for predialysis education—the Kidney Disease Education (KDE) benefit—which could help patients learn about home dialysis. However, less than 2 percent of eligible Medicare patients received the benefit in 2010 and 2011, and use has declined since then. According to stakeholders, the low usage was due to statutory limitations in the categories of providers and patients eligible for the benefit. CMS has established a goal of encouraging home dialysis use among patients for whom it is appropriate, but the differing monthly payments and low usage of the KDE benefit could undermine this goal.