



NORTHWEST
KIDNEY CENTERS

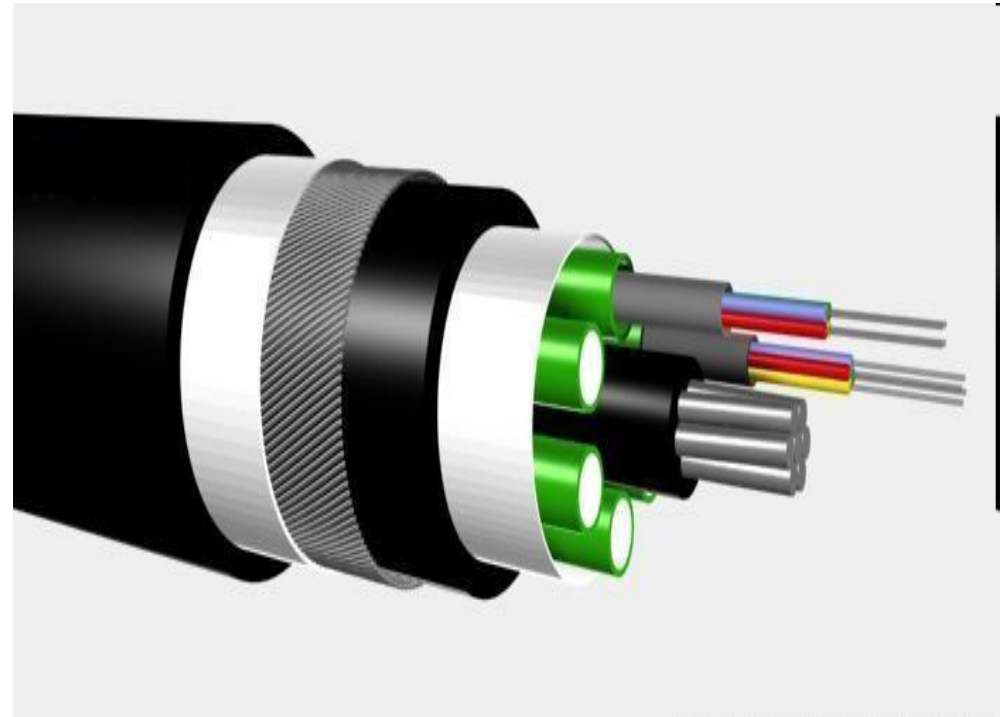
Overview of Bundling

Joyce F. Jackson, President and CEO
Northwest Kidney Centers

NRAA Conference
September 29, 2010

Goal

- Overview of Bundle
- CMS's Intention
- Implications



Bundle and Quality-The Challenge

- CMS listened to comments and made changes
- Bundle and QIP Rules released same day.
- *“The new payment system and QIP have significant potential to improve patient outcomes and promote efficient delivery of health care services” – CMS press release, 7/26/10*
- We’re under the microscope.

Remember - We asked for this!

- ESRD has not had an annual update mechanism to increase composite payments.
- 2008 MIPPA - to pay for the annual update system, 2% cut from what would have been paid
- Now, the “update” can be a cut as well



Timing - Starts in January

- You must notify your FI/MAC in writing by November 1 if you want your facility(ies) to go “all in” instead of transition. If you do nothing, the facility will be in transition (25/75 in 2011). Instructions are coming.
- No option to change your mind in subsequent years

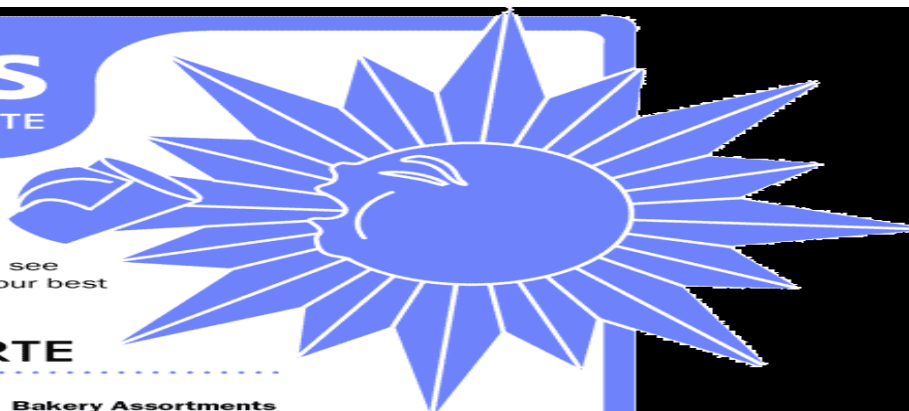


Transition Decision Mindset

- Financial - For each facility
- Clinical - Will your staff and nephrologists adopt a clinical mindset for bundling right now, even if you transition in? (May affect your financial calculations for the transition decision if, for instance, IV drug use falls.)

JAVA JO'S

CATERING MENU - A LA CARTE



You can add anything from our A La Carte menu to any of our other catering packages in order to create the perfect custom meal for any occasion. If there's something you'd like to add that you don't see here, please give us a call and we will do our best to make your ideal meal come true.

LUNCH A LA CARTE

Mini Roll-Up Platter

A stunning array of our famous roll-up sandwiches.
 (6-10) \$39 (11-15) \$69 (16-25) \$89

Gourmet Platter

A combination of our classic sandwiches, including our award winning fresh bagels.
 sm \$29 med \$39 lg \$59 jumbo \$79

Deli Platter

Brilliant arrangement of top quality meats and cheeses with fresh vegetables and sauces to build your own delicious sandwiches on our fresh baked breads.
 lg \$75 jumbo \$95

Afternoon Snack Pack

Healthy spread of our Fresh Fruit, Fresh Crudité's, Hors d'oeuvres, Bakery Assortment, and Ice Cold Beverages
 \$9.95 p.p. (under 25 + \$1 ea)

Bakery Assortments

A perfect blend of Slices, Bites, and Chocolate Dipped Wonders.

The Salad Bowl

sm \$25 lg \$55 jumbo \$75

Greek, Garden, or Caesar salad.

med \$30 lg \$40 jumbo \$55

(antipasto add \$5.00)

The Crudités

Sliced International Cheeses and Crispy Vegetables with Gourmet Crackers and Creamy Dip.
 sm \$25 lg \$45 jumbo \$65

Pasta or Potato Salad

Choose from our exquisite recipes:

- Pasta Creamy Parmesan Tortellini
- Agripino Marinara German or Red Bliss Potato Salad.

sm \$25 med \$35 lg \$45 jumbo \$65

BREAKFAST A LA CARTE

Quiche Platter

Fresh baked Quiches in many varieties.
 sm \$25 lg \$45

Bakery Assortment

A perfect blend of slices and bites of our favorite freshly baked pastries, scones, coffee cakes, and delectables.
 sm \$25 lg \$50 jumbo \$70

Fresh Fruit

We hand-slice a brilliant combination of the freshest fruits available to create a delicious & nutritious centerpiece for any table.
 sm \$25 med \$35 lg \$45 jumbo \$65

Fresh Baked Bagels

Assortment of freshly baked bagels, homemade cream cheeses, and jams.
 \$1.75 ea

Smoked Salmon

Garnished with fresh tomato, onion, cucumber, and capers.
 sm \$29.95 lg \$49.95 jumbo \$69.95

Extras

Fruit Cups / \$3.50 ea

Yogurt / \$1.50 ea

BEVERAGES

Coffees & Teas

Jo to Go

Your guests deserve the best! 12 cups of our famous brew in a disposable urn. Includes all the extras: cups, cream, stir sticks, sugars and sweeteners.
 regular \$15 large urn \$85

Tea to Go

12 cups of hot water in a disposable urn, with a selection of world-class teas from MEM Tea Imports. Includes all the extras: cups, cream, stir sticks, sugars and sweeteners.
 regular \$15 large urn \$85

Iced Cold Beverages

Soda (regualr or diet)

Coke, Rootbeer, Sprite, Gingerale (12 oz. cans)
 \$1.75

Other Cold Beverages

Nantucket Nectars 16 oz. \$2.75
 Fresh O.J. \$1.75
 Spring Water \$1.75
 Iced Tea \$2.50
 Perrier \$2.50

JAVA JO'S

3710 Washington St. Jamaica Plain, MA 02130

Tel: 617-971-9300 Fax: 617-971-9322

Java Jo's carries a full line of award winning breads, pastries, cakes, and specialty food items to choose from. Please do not hesitate to contact us. We are eager to do our best to ensure the success of your occasion.

25% cancellation fee without a 24 hour notice. Tax and Gratuity not included in pricing.

Y. W. C. A.

Blue Plate Special

—One meat, two vegetables, bread
and butter, and coffee,
tea or milk **25c**

Second Cup of Coffee **FREE.**

Cafeteria—11:30 to 1:30.

A-la-Carte—5:30 to 7.

First Door South of Post Office.

Composite System

- Included in composite rate:
 - Labor
 - Supplies
 - Equipment (hard items)
 - Disposable items
 - Some medications*
 - Some lab tests
 - Facility Overhead

* *Medications in composite rate:*

Saline

Heparin (anticoagulants)

Insulin

Mannitol

Protamine

Solucortef

Benadryl

Pressor drugs

Glucose

Composite System

- Medications not included in composite rate. Separately billed and paid, based on ASP+6%, updated quarterly
 - *Epogen/Aranesp*
 - *Injectable vitamin D analogs*
 - *Injectable Iron*
 - *Antibiotics administered in-center*
 - *Immunizations*
 - *Other injectable meds not included in “routine”*

Composite System

Labs included

- Per treatment: HCT, HGB & Clotting tests (incident to dialysis treatment)
- Weekly: PT for patients on anticoagulant therapy
Creatinine, BUN (weekly or 13/qtr)
- Monthly: Serum Calcium, Bicarbonate, Alkaline Phosphatase, Potassium, Phosphorus, AST (SGOT), Chloride, Total Protein, LDH, CBC, Albumin
- Every 3 Months: Aluminum, Ferritin

Labs separately billed

- Ferritin
- T Sats
- Hepatitis testing per CDC guidelines
- Additional CBC
- Additional Chem Panels
- Additional Calcium tests
- Other labs medically justified

Payment in 2011

- \$251.60 - payment for all bundled items
- Then: 2% Congressional cut (to pay for annual update mechanism)
- And: “Withhold” cuts to be earned back
 - 5.93% cut for case mix and comorbid adjustors
 - 1% for outlier payments
- \$229.63 - base payment

\$229.63



Elements of the bundle

- Treatment
- IV drugs given during treatment for ESRD
- Oral drugs with IV equivalents
- ESRD labs
- Will pay for more than three hemodialysis treatments/week with medical justification

Labs

- ESRD labs are defined by a list of 53 tests; includes composite labs and 40 others
- Facility must include detail of the 40 ESRD labs on claim (don't need to line item composite labs)
- Independent lab cannot bill for the ESRD labs
- The 40 ESRD labs can be ordered for non-ESRD purposes with modifier **AY** and paid separately
- The universe of all other labs can be ordered with no modifier needed

Oral Drugs

- ESRD oral drugs (phosphate binders and Sensipar) delayed until 2014
- Oral drugs with IV equivalent are in the bundle in 2011 (Calcitriol, Zemplar, Hecterol, Carnitor and Levocarnitine). The Vitamin D drugs are generally used by PD patients

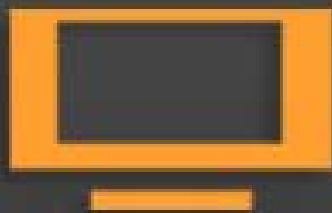
What's not in the bundle

- Oral drugs delayed until 2014
- Blood and blood products
- Vaccinations
- Telehealth
- Bundled services provided for other-than-ESRD treatment, with modifier as instructed

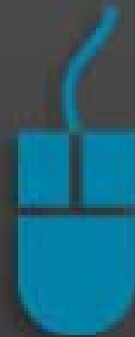
How will \$229.63 get bigger?



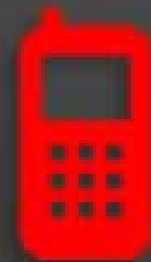
+



+



+



UNLIMITED
CALLING

100%
DIGITAL TV

HIGH SPEED
INTERNET

RELIABLE
WIRELESS

It's ALL YOU WANT for one low price.

Payment will be higher...and lower

- The per dialysis treatment base rate for adult patients is adjusted upward to reflect differences in:
 - Wage levels among the areas in which ESRD facilities are located (CBSA – new ones published recently)
 - Patient-level adjustments for case mix
 - An outlier adjustment (if applicable)
 - Facility-level adjustments (if applicable)
 - A home training add-on (if applicable)
- Sorry! Also the rate is adjusted downward for the geographic wage adjustor, for the 3.1% transition cut and, in 2012, if QIP targets are not met

New Patient Adjustor

- Onset of Dialysis Adjustment - 51%
 - For patients that have Medicare ESRD coverage during their first 4 months of dialysis
 - Set by dialysis start date on Form 2728.
 - Payment also adjusted for age and body size
 - If in effect, payment not also adjusted for comorbidities or home training

Patient-Level Adjustors

- Adjustors in use today will continue:
Age and body size (BSA, BMI)
- New comorbidity adjustors (only one can be used, the one with greatest weight)
- Affects full month of payments
- Will be calculated by “The CMS Pricer”



Significantly lower adjustment

Current	New	Age/Body
1.223	1.171	18-44
1.055	1.013	45-59
1.000	1.000	60-69
1.094	1.011	70-79
1.174	1.016	80+
1.037	1.020	BSA
1.112	1.025	BMI

Comorbidities - The Biggies!

88 ICD-9 codes

- **Acute**
 - Pericarditis within current month or previous three months - 11%
 - Bacterial pneumonia within current month or previous three months - 14%
 - GI bleeding within current month or previous three months - 18%
- **Chronic**
 - Hereditary hemolytic or sickle cell anemia since 2000 - 7%
 - Myelodysplastic syndrome since 2000 - 10%
 - Monoclonal gammopathy since 2000 - 2%
- **Billed for full month, four months in total**
- **Only one applies, highest weight**

Low Volume Facility Adjustor

- Purpose: Address operational inefficiencies of being small
 - furnished less than 4,000 total treatments in each of the three years preceding the payment year (i.e., up to 24 patients)
 - has not opened, closed or received a new provider number due to a change in ownership during the 3 years preceding the payment year
 - The provider must notify their Medicare Contractor if they believe they are eligible for the low volume adjustment.
- Low volume facility will get 18.9% adjustment for all treatments for the year.
- Ownership is not a factor in this adjustment.

How will kids be bundled?

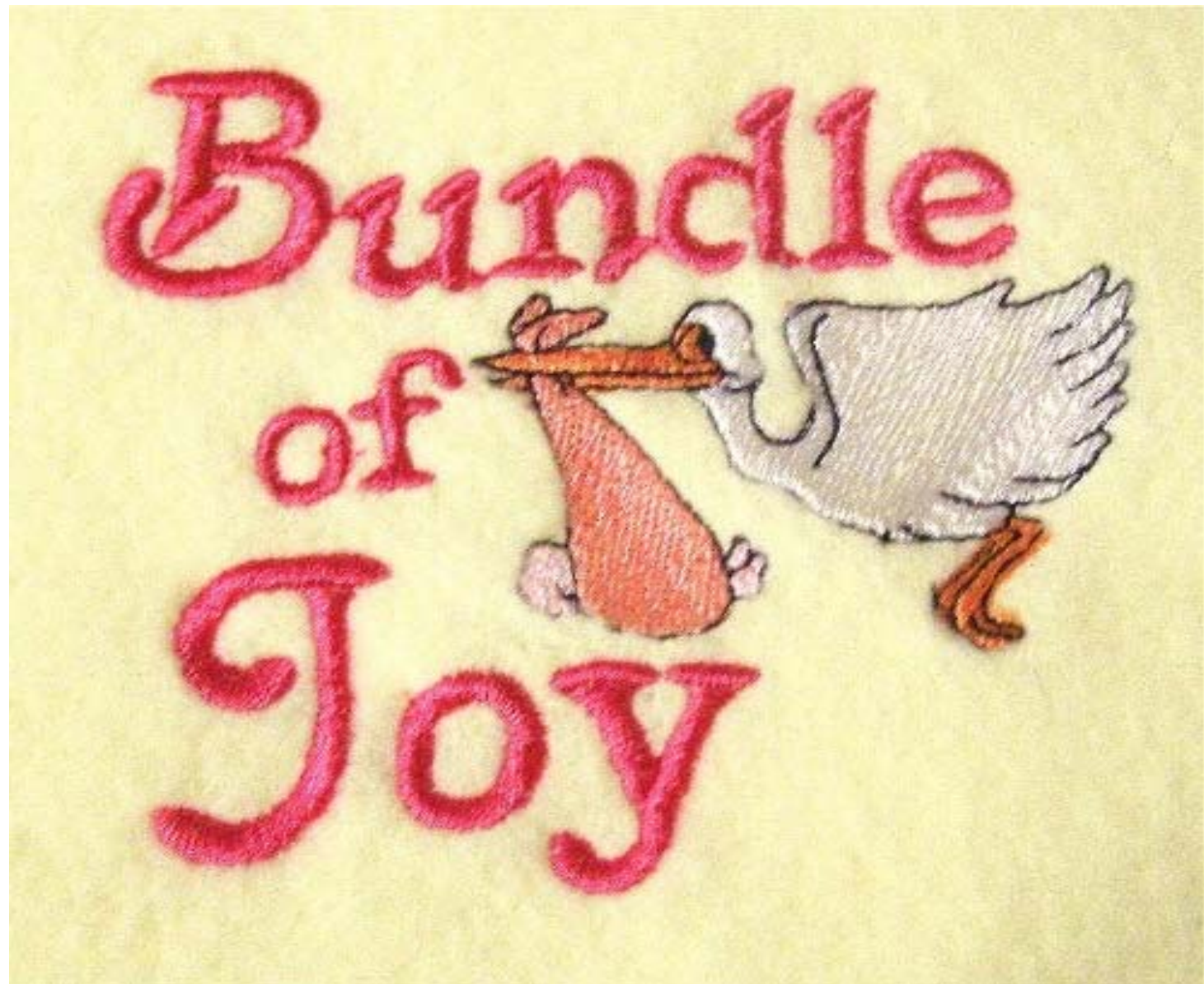


Pediatrics

- **Adjustments Specific to Pediatric Patients**
 - Adjusters based on two age groups (<13, 13-17) and dialysis modality (hemodialysis, peritoneal dialysis).
 - Same base rate that applies for adult patients, which is also adjusted by the area wage index.
 - Not adjusted by the same patient-level case-mix adjusters as for adult patients.
 - Higher total payments for pediatric composite rate and separately billable services, compared to that of adult patients.
 - Can qualify for a training add-on payment (when applicable), and
 - Are eligible for an outlier adjustment.
- **Note: Pediatric dialysis treatments are not eligible for the low-volume adjustment.**

Outliers

- Outlier Payments
 - Additional payment for patients with unusually high resource requirements
 - Measured through their utilization of identified services beyond a specified threshold
 - Costs to compute - what were separately billable IV drugs, labs, supplies and oral drugs
 - These must be on claim



The bundle and home therapy

- CMS's intention was clear - to support home therapy
- CMS's action in bundling rule supports home therapy in many, but not all, ways

Incentives for Home Therapy

- Home treatments paid at same level as in-center (no change); PD is less costly
- Payment for more than 3 times a week hemodialysis, with medical justification. Payment is at full bundle level
- New patient adjustor of 51% will apply to home patients in training during first 120 days
- Low volume adjustor of 19% also applies to “home only” facilities, with less than 4,000 treatments annually

Nice, but ...



- After first 120 days, home training treatment paid an add-on of \$33.44, then adjusted for wage index. One hour of RN time. Applies to home hemo and PD.
- Training add-on is also subject to transition adjustment cut of 3.1%

More on home in the bundle

- Training caps for add-on payment remain at 15/25 (PD/HH); retraining treatments will get add-on
- It appears that IV drugs will be covered for home patients upon MD order, e.g., IV Vit D
- Oral drugs with IV equivalent in bundle, e.g., oral Vit D. Facility must arrange for provision, billing, is at \$ risk
- No Method II
- Proposed QIP to exclude home patients (PD and home HD) from URR measure (Today Dialysis Facility Reports exclude PD and only home HD on 5+ treatments/week.)

Possible Challenge –Payment to Nephrologists

- Ultimately home therapy should be a winner under the bundle BUT depends on nephrologist support
- Note: Physician payment rule proposes that MCP payment for following home patients be paid only if monthly face-to-face encounter, not required today
- A monthly encounter is optimal
- CMS should allow for exceptions to monthly encounter at patient's discretion due to rural, distance, patient travel plans, weather, employment, etc.



Quality Incentive Program

- QIP goes into effect in 2012.
- Possible reduction for all treatments for year at a facility.
- Only thing we know for certain are the three QIP measures:
 - Hg less than 10, Hg greater than 12, URR greater than 65%
- Highly probable that the base performance year will be 2010
- Penalty will be up to 2% if fail on all three measures to significant degree
- More details to come in late 2010 when final QIP rule is released. Comment period ended on 9/24.



Sample Transition Calculation - 2011

Medicare base rate	\$229.63
Wage adjusted base rate (15.14%)	\$244.14
Case mix adjustors from CMS	1.0707
Wage & case mix adj. rate	\$261.58
Outlier factor (1%, don't assume)	
Transition cut of 3.1%	
Average adjusted bundle rate	\$253.47

Go full in or transition?

Bundle payment rate: **\$253.47**

Biggest risk: comorbidities will not be captured or will be less than CMS estimates. They must be earned!

Current payment:

Your composite rate/tx (cost reports, updated); exception rates stay

Your payment for separately billable drugs and supplies

Estimate labs and Part D oral drugs

Cut by 3.1% **\$240.86**

Transition Blend (25/75) **\$244.01**

The ongoing challenge - managing costs

A promotional graphic for 'Bundle Hunt' featuring a glowing treasure chest with a rainbow light burst. The text reads: 'Bundle Hunt', 'The Greatest Design Treasure', '\$1,400 of Resources For Just \$49'.

Bundle Hunt
The Greatest Design Treasure
\$1,400 of Resources For Just **\$49**

Implementation - Patient Level

- New patient adjustor must be timely (2728 issue)
- Comorbidity capture – ICD-9 for acute and chronic conditions. Nephrologists and nurses must communicate and document. EMR to billing system interface
- Test case mix at facilities by capturing acute and chronic conditions
- Remember: acute conditions in October and later could increase payments in January under bundling.



Lab practices

- Careful and judicious use of “ESRD 53” lab tests for quality monitoring
- No need to cut back on labs you are currently drawing outside of ESRD 53. Cardiology, transplant, nursing homes, other requests- draw and bill as usual with medical justification

Implementation- Lab billing

- Collaboration required!
- Contracting for ESRD “53”- bundle or per use
 - Composite labs
 - The other “40” labs
- AY is unclear. If one of ESRD 53 labs is non ESRD, could facility bill it for separate payment or will lab?
- Non ESRD labs require no AY (we think) and are billed by lab

Expect FAQ clarification from CMS



The Dialysis Facility and the Lab - Closer Bedfellows

From Wikipedia

Bundling was the traditional practice of wrapping one person in a bed accompanied by another, usually as a part of courting behavior. When used for courtship, the aim was to allow intimacy without sexual intercourse.

Implementation - IV Meds

- Careful and judicious use of IV medications to meet quality goals
- Re-look at targets and orders for ESA, iron and Vitamin D
- For non-ESRD use of IV meds given during treatment, use AY. Paid ASP + 6

Implementation - EPO

- EPO costs far outweigh other levers in reducing cost.
- Target 10-12 hg
- Standing orders, close monitoring
- Reduce catheters
- Reduce infections
- Avoid hospitalizations
- Predialysis anemia management
- More frequent tx at home (5+)
- Nocturnal dialysis
- Nutritional supplements to reduce malnutrition
- Subcutaneous EPO



Implementation - Home Patients

- By January, arrange for orders and systems to get oral Vitamin D to PD patients
- Home hemodialysis patients may use IV Vitamin D at home
- Claim must include line item oral medications

Implementation - Quality

- Be attentive to hg less than 10
- Don't cut treatments short, lower URR/Kt/v
- Changes in standing orders
- Clinical indicators required on claim forms may increase until data submission is electronic for all
- Explain changes to patients

Implementation- Systems

- Commercial and Medicaid payers discussion – billing and coinsurance
- Reserve accounting
- Cash availability
- FI/MAC meeting re validation of plans
- Revised cost reporting to come soon

Implementation- Communication

Key Messages

- It's about improving quality, while aligning payments and costs.
- Everyone has a role to play.
- Specific changes are required now, and will continue.

Nurses and nephrologists, IT, EMR, lab, pharmacy and billing staff most engaged in change

Patients need to know it is not all about money



Concluding Comments

- CMS respects the NRAA voice and encourages group purchasing
- Focus on doing what is best for patients
- Strive for best quality and cost= Value
- Take the long view
- Demonstrate leadership during times of change





Thanks to Katrina Russell (Dialysis Consulting Group), Scott Strandjord, Connie Anderson, Dr. John Stivelman and Dan Evans (Northwest Kidney Centers) for their assistance.