February 4th, 2020

Chair Salinas, Vice Chairs Nosse and Hayden

Honorable Members of the House Committee on Health Care

Subject: HB 4114

Chair Salinas:

On behalf of DaVita's 500 caregivers in Oregon, who treat and care for more than 2,000 individuals with kidney failure throughout the state, I write to oppose HB 4114 which would significantly reduce access to dialysis care for Oregonians who need treatment three times per week just to stay alive. The bill mandates reimbursement for dialysis clinics at rates that aren't sustainable and will create unintended consequences for Oregon dialysis patients.

ESKD and Dialysis

End-stage kidney disease (ESRD) is the last stage of kidney disease. People who have ESRD no longer have functioning kidneys and need regular dialysis treatments, or a kidney transplant, to survive. Patients on dialysis must be treated three times a week, for three to four hours at a time. Currently, about 4,600 Oregonians are dependent on this life-saving care.

Payment for Dialysis and ESKD Care

For almost 50 years, dialysis and other care for patients with ESRD has been financed through a complex mix of government and private insurance. In 1972 Congress created an ESRD entitlement within the Medicare program. Since that time, federal policymakers have crafted an intentional public-private partnership to balance the needs of individuals with ESRD with those of the broader public. As part of that system, private health insurers are generally required to cover dialysis and ESRD treatment for their members for up to 30 months. After that time, a patient's care is mostly covered (80%) by Medicare. Patients without private insurance are typically covered by Medicare for 80% of their treatment costs, or by Medicaid. Some of those patients obtain private insurance as "wrap-around" coverage for the remaining 20%. Across the entire system, close to 90% of dialysis patients use some form of government insurance (e.g., Medicare, VA) to pay for their care, and only approximately 10% use commercial insurance (e.g., employer-group coverage, individual plans, COBRA).

It is important to recognize that Medicare-level reimbursement does not reimburse the full cost of

dialysis care. This has been attested to by several Medicare experts through the years and demonstrated by the fact that very few independent dialysis providers still exist today (given the lack of economies of scale).Private insurance reimbursement accounts for approximately 10% of a dialysis clinic's payor mix, but allows that clinic to "cross-subsidize" financially such that it remains solvent for the 90% of dialysis patients who have government insurance (which again underfunds a clinic). This system helps keep economically-challenged dialysis clinics open for all patients, especially those in rural areas and the urban core, who serve disproportionate number of patients who rely either on Medicare or Medicaid coverage.

HB 4114 will reduce access to dialysis care

HB 4114 will upend this delicate funding balance and directly harm all Oregon dialysis patients by weakening the ability of any dialysis clinic in the state to remain financially sustainable. As clinics are forced to close and access is crimped, critically ill patients would be forced to either drive to clinics farther away (those that somehow stay open) or seek treatment in hospital emergency rooms, which is significantly costlier than the outpatient setting. The net effect would be less dialysis access points and likely higher health care costs for the state.

In sum, legislation like HB 4114 undermines access to care for all Oregonians on dialysis. For this reason, DaVita respectfully opposes HB 4114.

Sincerely,

Kimberly A. Martin
DaVita Kidney Care
Director, State Government Affairs