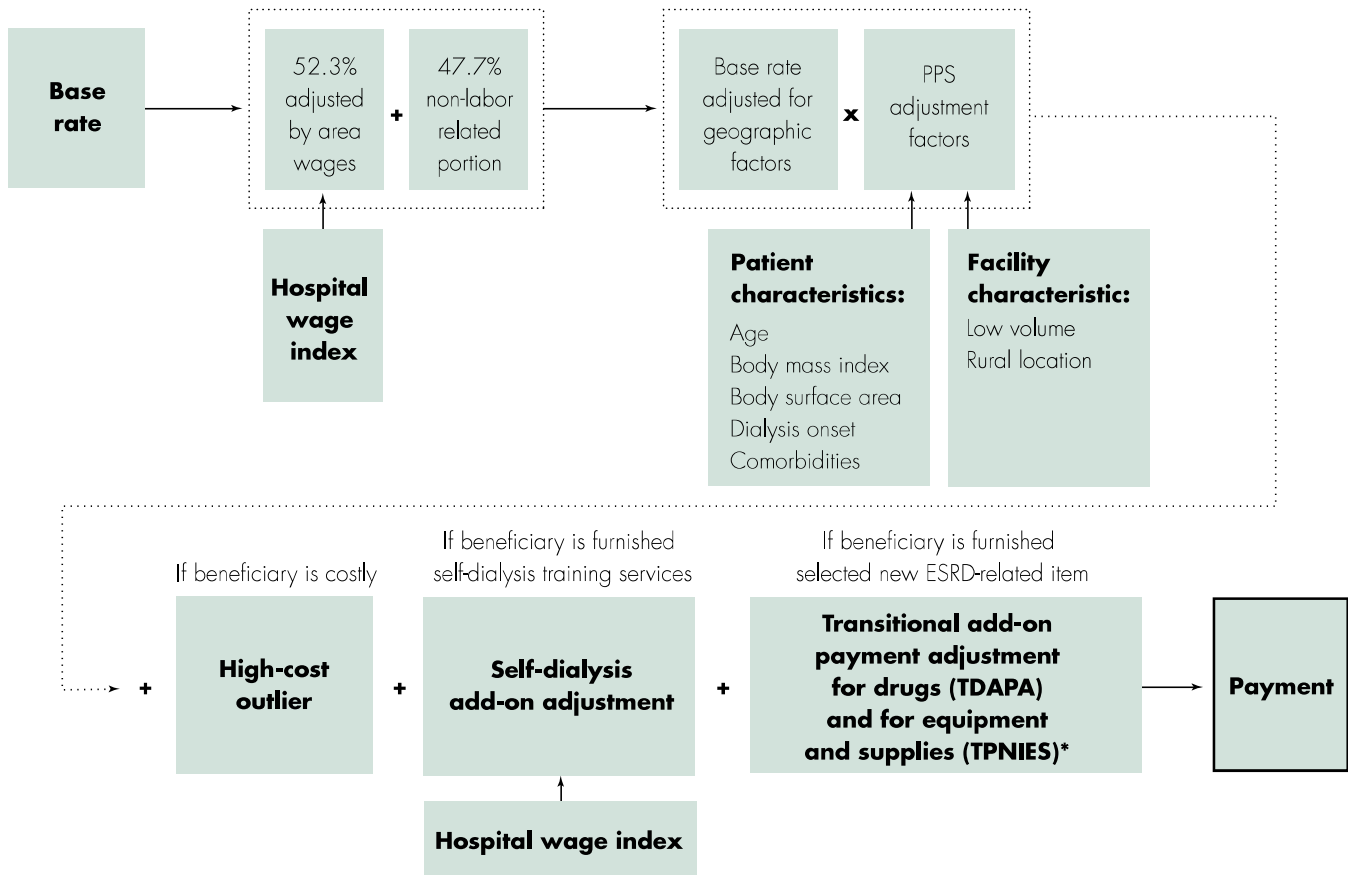


Figure 1 Dialysis prospective payment system in 2020



Note: TDAPA (transitional drug add-on payment adjustment), TPNIES (transitional add-on payment adjustment for new and innovative equipment and supplies). This figure represents the dialysis prospective payment system for beneficiaries 18 and older. For beneficiaries under 18: (1) the base rate, adjusted for geographic factors, is multiplied by patient case-mix characteristics (age and dialysis method); (2) the low-volume adjustment and rural factors do not apply; and (3) the outlier payment policy and add-on for self-dialysis training do apply. The payment rate may be reduced by up to 2 percent for facilities that do not achieve or make progress toward specified quality measures.

* CMS is proposing a transitional add-on payment adjustment for new and innovative equipment and supplies to begin in 2020.

Source: MedPAC analysis of CMS's proposed rule for the end-stage renal disease prospective payment system for calendar year 2020.

and set payment based on each product's Part B average sales price (ASP) plus 0 percent. Once sufficient claims data for rate setting analysis are available, these products will be included in the PPS bundle and the base rate will be modified accordingly. As discussed on page 3, other technologies, including new ESRD-related drugs and biologics, may also qualify for a transitional add-on payment.

Setting the base rate

The base payment under the broader bundle is intended to cover all operating and capital costs that efficient providers

would incur in furnishing dialysis treatment episodes in dialysis facilities or in patients' homes. For 2020, the base payment rate is proposed at \$240.27 for freestanding facilities and for hospital-based facilities (Figure 1). The base rate reflects the following factors: (1) a wage index budget-neutrality adjustment factor and (2) a market basket increase in 2020.

Patient-level adjustments—For adults, CMS adjusts the base rate for case mix using the following measures:

- age (18–44, 45–59, 60–69, 70–79, ≥80 years),