

Understanding End Stage Renal Disease Enrollment in Medicare Advantage for Medicare Beneficiaries

Fact Sheet - January 2020

BETTER MEDICARE
ALLIANCE

What is ESRD?

Traditional Medicare covers people age 65 and older, those with disabilities, and those with End Stage Renal Disease (ESRD), also known as kidney failure. If an individual has ESRD, it means that their kidneys have permanently failed. **People with ESRD generally undergo dialysis several times a week, unless they can receive a kidney transplant.**

Providing Care to ESRD Beneficiaries is Expensive

Providing care to ESRD beneficiaries, especially dialysis treatment, is very costly and ESRD beneficiaries often have other serious health conditions. In 2016, caring for patients with ESRD cost Medicare 35.9 billion dollars. **According to the most recent figures, Medicare spends \$67,116 annually per ESRD beneficiary.** This is four times more than the spending on average per disabled beneficiary (\$15,437) and six times more than the spending on average per aged beneficiary (\$10,182).

What Does This Policy Change Mean for Medicare Advantage Beneficiaries?

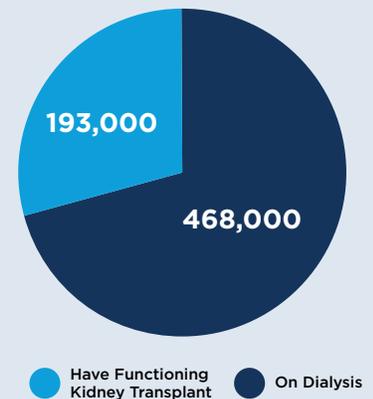
ESRD patients have complex and costly needs, and Medicare Advantage is well-suited to provide high-value care to this population. Medicare Advantage supports very ill patients through effective care management, care coordination, and targeted benefit offerings. Medicare Advantage depends on adequate and accurate payment to provide benefits and quality care to all beneficiaries.

Plans and policymakers view the change to allow ESRD beneficiaries to enroll in Medicare Advantage as a positive change. Yet, concerns have been raised that without adequate payment, Medicare Advantage plans may have to increase costs, reduce supplemental benefits, or limit service areas—**not just for ESRD patients, but for all enrollees.**

What Action Is to Be Taken by the Federal Government?

The federal government sets the regulations to implement the change to allow beneficiaries with ESRD to choose Medicare Advantage, including the payment to plans for patients with ESRD who select to enroll in Medicare Advantage in 2021. These new policies and payment will be proposed in February, as part of the Annual Rate Notice. There is then a public comment period, and final rules are made known in early April. **Better Medicare Alliance will be monitoring this process and offering comments on behalf of our Alliance and our beneficiary advocates.**

Patients Being Treated for ESRD, 2015



Source: CMS, 2017 Medicare Advantage Final Rate Announcement, April 4, 2016

ESRD and Medicare Advantage Policy Change

Current Policy

- Most beneficiaries with ESRD receive care through Traditional Medicare
- If a beneficiary enrolled in a Medicare Advantage plan develops ESRD, they can keep their Medicare Advantage coverage
- Payments to Medicare Advantage for ESRD patients are set at the state level instead of the county level and do not consider cost differences within the state

New Policy Starting in 2021

- All ESRD beneficiaries will have the option to enroll in Medicare Advantage, even after diagnosis
- Medicare Advantage can provide ESRD beneficiaries with better coverage compared to Traditional Medicare due to:
 - *Maximum out-of-pocket limit for patients*
 - *Supplemental benefits (e.g., dental, vision, hearing, etc.)*
 - *Access to coordinated care*
- There are concerns about the high cost of treating ESRD patients, and what could happen if the payments for those patients are inadequate

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