



## Dialysis Cost Containment

The HCCMCA Dialysis Cost Containment program helps health plans deliver a lifesaving treatment to their members while protecting plan assets. The Coalition has an agreement with Renalogic (formerly DCC, Inc.), a firm that saves health plans money by repricing claims submitted for dialysis treatment.

### **Why Dialysis Cost Containment is Needed**

Outpatient dialysis is a lifesaver for people with end-stage renal disease (ESRD). Offered primarily through clinics and stand-alone dialysis centers, two players control 66% of the U.S. market. In addition to lack of competition, a quirk in the Medicare rules covering dialysis allow these providers to control prices.

ESRD patients of any age are eligible to enroll immediately for Medicare Parts A, B and D as long as they have an ESRD diagnosis. Under the Medicare secondary payer rules, if a person with ESRD is covered by a group health plan, that plan is considered primary for the first 33 months after the diagnosis. However, starting with month four of dialysis treatment, a person who has elected Medicare cannot be balanced billed for the cost of care that exceeds the plan's reimbursement.

Because outpatient dialysis providers have to accept Medicare reimbursement starting in month 34, the major providers charge significantly higher rates for the first 33 months of treatment. Claims of \$80,000 a month are not uncommon. At this rate, health plans can quickly reach their stop-loss deductibles.

### **Goals**

HCCMCA offers Dialysis Cost Containment services to:

- Help plans ensure their members have cost-effective access to dialysis treatment

- Protect plans from being overcharged for a treatment dominated by two providers

- Chronic Kidney Disease Management is also available as an add-on to the Dialysis Cost Containment services.

Keeping health care affordable for workers and their families

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## **How it Works**

Renalogic calculates a U&R fee (usual and reasonable) for outpatient dialysis, based on a combination of factors including commercial (non-Medicare) rates charged by the providers and Medicare reimbursements.

### **Here is an example of the potential cost savings:**

Patient A

Facility Dialysis Clinic B

Payor Group C

DOS: 12/16/2013 - 01/24/2014

Total Billed Charge	\$ 85,573.42
Recommended Payment	\$ 9,605.51
Savings	\$ 75,967.91

Renalogic charges HCCMCA member plans 12% of the savings captured by using its methodology. A cap is in place to prevent Renalogic's fees from exceeding the recommended provider payment.

## **Benefits**

Renalogic uses the dialysis providers' own, published information to calculate the U&R, providing a solid foundation for negotiating with the provider.

HCCMCA member plans can continue to provide essential dialysis treatments to their members.

Dialysis cost containment protects the health plan from over-paying for a critical health care service, from reaching its stop-loss deductible and potentially from insolvency.

## **Learn More**

To learn more about the Dialysis Cost Containment or Chronic Kidney Disease Management programs, please contact HCCMCA at (907) 474-4226 or 888-474-4226 (toll-free).