



JUN 24 2013

Administrator
Washington, DC 20201

The Honorable Robert P. Casey
United States Senate
Washington, DC 20510

Dear Senator Casey:

Thank you for your letter regarding the Medicare End-Stage Renal Disease (ESRD) Prospective Payment System (PPS) relating to the adjustment to the payment amount required by recent legislation. The Centers for Medicare & Medicaid Services (CMS) appreciates your bringing these concerns to our attention.

Section 632(a) of the American Taxpayer Relief Act of 2012 requires that CMS make reductions to the Medicare single payment amount for ESRD facilities under the PPS to reflect the Secretary's estimate of the change in utilization of drugs and biologicals (other than oral-only ESRD-related drugs) from 2007 to 2012. This adjustment is designed to ensure that Medicare payments to ESRD facilities accurately reflect the utilization of drugs and biologicals provided to Medicare beneficiaries, given that a report by the Government Accountability Office has found that the utilization of drugs and biologicals has changed significantly since the implementation of the ESRD PPS in 2011.

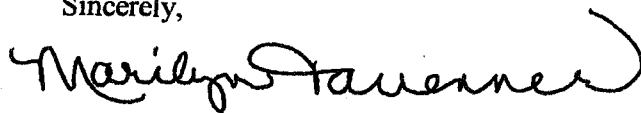
The CMS appreciates your interest in continuing to work collaboratively to ensure that individuals with ESRD receive high quality care and maintain access to care when important policy changes like this are implemented. As CMS did in implementing the ESRD PPS in 2011, we will continue to closely monitor health outcomes and access using our active claims surveillance system. CMS has been monitoring usage rates on the Medicare ESRD population for ESRD-related drugs, biologicals, and related procedures. CMS has also tracked general health outcomes such as mortality rates, hospitalizations, and emergency department visits, as well as several ESRD-specific health concerns including cardiovascular morbidity, vascular access complications, bone and mineral management, and fluid management. We will continue to monitor these areas when implementing section 632 of the American Taxpayer Relief Act.

The CMS plans to establish the payment adjustment through notice and comment rulemaking during the annual ESRD PPS rulemaking cycle later this year. We expect to provide a detailed discussion of the adjustment methodology and other policies related to the ESRD PPS in the calendar year 2014 ESRD PPS proposed rule. This proposed rule is published around the end of June of each year, with a final rule published after a 60-day public comment period. We encourage all stakeholders to review this proposed rule and submit comments, which I can assure you will be carefully considered. We will keep you informed when this proposed rule is released.

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Thank you again for your letter. I look forward to continue working together on improving the ESRD PPS. I will also provide this response to the co-signers of your letter.

Sincerely,

A handwritten signature in black ink that reads "Marilyn Tavenner". The signature is written in a cursive style with a large, sweeping flourish at the end.

Marilyn Tavenner