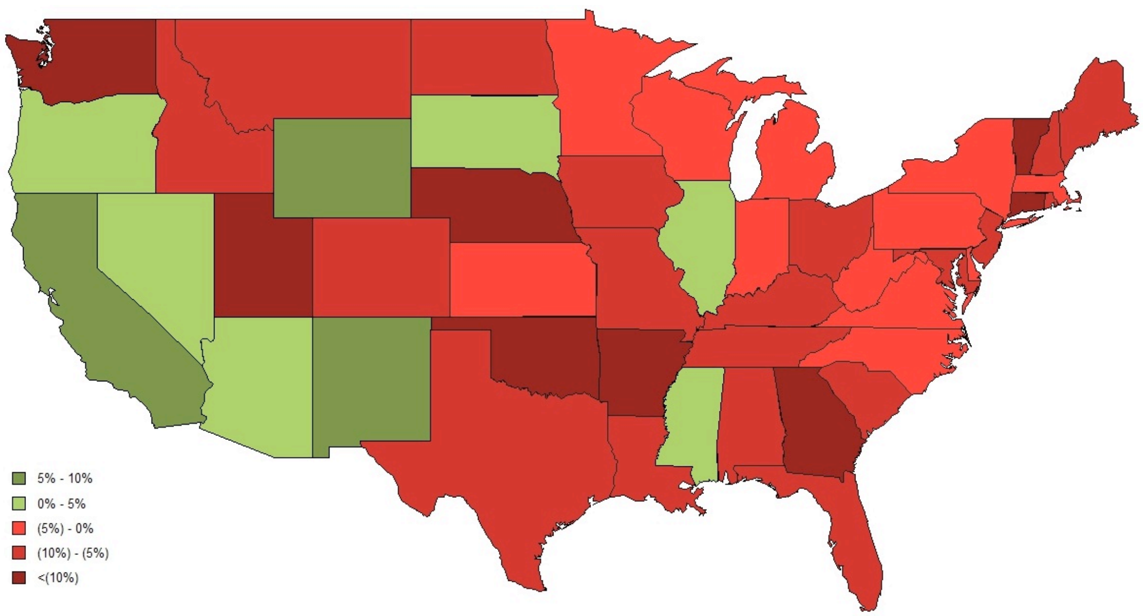
**DIALYSIS FACILITY ECONOMICS REMAIN FRAGILE,
DESPITE CONGRESSIONAL RELIEF**

There are more than 615,800 Americans living with kidney failure. Dialysis facilities provide life-sustaining care to more than 430,000 of those individuals. The implementation of payment reductions mandated by the American Tax Payer Relief Act (ATRA) placed facilities at great risk. The Protecting Access to Medicare Act of 2014 (PAMA) provided important relief, but did not eliminate the problem entirely. A recent analysis performed by The Moran Company shows that Medicare margins for dialysis facilities remain precariously low. Specifically, current payment rates coupled with sequestration and increasing costs, result in an estimated 50 percent of dialysis facilities below the break-even point in 2014. As the map below shows, the impact of the planned payment reduction will result in payment rates in the vast majority of states being negative by 2018. Only the 9 states in light and dark green would have an overall positive margin.



This analysis assumes that other cost factors remain consistent. However, dialysis facilities face several other pressures on their economics. These pressures include:

- Margin analysis shows continued underfunding of the bundle;
- Private insurance coverage cross-subsidization of Medicare rates diminishing;
- Current exchange rules will push more patients into Medicare;
- State Medicaid payments are declining: 45 percent of Medicare ESRD beneficiaries are dually eligible;
- Facilities face significant administrative burdens related to quality initiatives and changes in the Benefits Policy Manual; and
- Case mix and other technical issues should be addressed.

Thus, it is important for Congress to ensure that policies impacting dialysis facilities recognize the fragile economics.