

IMPROVING QUALITY CARE AND FUND HEALTH REFORM THROUGH AN EXTENSION OF MEDICARE SECONDARY PAYER (MSP)

End Stage Renal Disease (ESRD) is unique in the Medicare Program in that the disease itself is the basis for entitlement, regardless of age or disability. For individuals entitled to Medicare based on ESRD alone who have coverage through employer-sponsored plans, Medicare steps in after 30 months for most patients.

- ❖ While universal coverage for ESRD services is critical to ensure this vulnerable patient population retains access to life-saving care, it is unique to Medicare. The ESRD program is the **only area of Medicare that allows private insurers to limit coverage** for a chronic condition. Some frame an extension of Medicare Secondary Payer (MSP) as cost-shifting from the government to private payers, when in fact, the opposite is true. Current policy shifts the cost of care for privately-insured dialysis patients to Medicare after 30 months. When MSP was first enacted in 1981, it was designed to resolve the problem of health plans limiting coverage by instituting policies “intended to prevent payment of benefits where the insured is also entitled to benefits as a result of coverage under... Medicare.” Forty-two months strikes the right balance between private sector and government responsibility.
- ❖ Under the current policy, dialysis patients may terminate their employer coverage and enroll in Medicare at any point after the third month of dialysis, but after 30 months, their employer coverage automatically becomes their secondary payer. Private health plans are often more comprehensive than Medicare, and dialysis patients should be **afforded the option to remain in employer-sponsored insurance** if they so chose.
- ❖ Medicare secondary payer extension for ESRD patients is **sound policy** as there is a positive impact on patient care when insurers are incentivized to keep their members healthy. An additional year of responsibility for members with chronic kidney disease would encourage health plans to adopt protocols that more aggressively manage the health of those members, addressing co-morbidities, encouraging early placement of fistulas which make dialysis safer and more efficient, and other measures known to decrease hospitalization.
- ❖ If Congress enacted a MSP as proposed, **most employers would not cover dialysis patients for the full 42-month period**. Experience has shown that 75 percent of patients who began dialysis with employer coverage are no longer in those plans by the end of the 30-month period due to a variety of reasons. Experts estimate that fewer than 10,000 of the nearly 350,000 patients with ESRD would remain on their employer-sponsored plans from month 31 to month 42 if an MSP were enacted – and those individuals would be spread across hundreds of health plans.
- ❖ MSP would have a **negligible impact on health insurance costs** to employers. According to the most recent census data, approximately 200 million people are covered by private health insurance in the US, nearly two-thirds of which is provided by large employers. A 12-month MSP would result in less than a 0.01-percent increase in the total number of Americans enrolled in large group health plans.
- ❖ In a tight fiscal environment, **a modest MSP raises necessary revenues for critical reforms, \$1.2 billion over ten years**.