



MEMORANDUM

TO: Amy Epkey, Senior Deputy Director, Financial Operations Administration, MDHHS
FROM: Melissa Samuel, President/CEO, Health Care Association of Michigan
DATE: July 9, 2024
SUBJECT: Dialysis Services in Nursing Facilities

Request

HCAM requests a review of Medicaid policy regarding in home chronic dialysis services performed in Nursing Facilities. With the increased need for dialysis amongst Michigan's nursing facility population, it is vital that Michigan allow nursing facility providers to furnish in home dialysis for residents in a financially prudent way. Dialysis done at a nursing facility improves clinical outcomes, improves resident quality of life, curtails the spread of potential infections, and reduces total overall cost to the healthcare system. Expenses incurred by Nursing Facility providers for in home dialysis done in long term care settings should be deemed allowable.

Background

Over 23,000 Michigan residents are living with End Stage Renal Disease (ESRD), and more than 16,000 of these residents require dialysis services to subsist with the disease. With the prevalence of ESRD in the population as a whole, an increasing number of residents in Nursing Facilities throughout Michigan are in need of chronic dialysis services. According to CMS, an average of 1 in 7 ESRD patients are Nursing Facility residents, equating to approximately 2,300 Michigan Nursing Facility residents undergoing dialysis services at any given time. Traditionally, providers have transported residents to outpatient dialysis centers where they have received their required care.

Nursing facilities have found it advantageous for the dialysis provider to come to the facility to treat the residents. Offering home dialysis as a treatment option for nursing home residents addresses certain disadvantages of outpatient dialysis, such as excess transportation times and disruption of the resident's daily activities. Additionally, during times of COVID and influenza outbreaks, home dialysis in a nursing facility can lessen transmission risks.

The Centers for Medicare and Medicaid Services (CMS) has recognized the importance of dialysis treatment in a nursing facility since 2008. New guidance from CMS was issued in 2018 and revised in 2023 (<https://www.cms.gov/files/document/qso-18-24-esrd-revised.pdf>).

CMS requires ongoing collaboration of care between the dialysis provider and the nursing facility, adequate training for all who administer treatments, appropriate monitoring of a dialysis patient, and appropriate infection controls at the nursing facility. This CMS guidance formalizes protections for in home dialysis in a nursing facility, assuring safeguards are in place for safe and effective treatments.

Problem

When performing dialysis in a nursing facility, dialysis vendors typically furnish skilled certified staff that perform services that are billed back to the nursing facility. Alternatively, a nursing facility may also provide their own staff, if properly trained, to assist with the dialysis. Nursing facilities have attempted to include these fees or staffing costs as part of their reimbursable routine expenses that are reported to the state on their Medicaid cost reports.

These costs have been regularly disallowed from Medicaid cost reports, as current Michigan Medicaid policy as interpreted by MDHHS staff deems all cost attributable to dialysis as ancillary and not reimbursable by Medicaid.

Additionally, the square footage that Nursing Facilities set aside for resident in home dialysis services has been attributed to ancillary service delivery. Allocating this square footage to ancillary services reduces facility reimbursement.

Resident quality of life

The characteristics of nursing facility residents requiring dialysis, including age and multiple comorbidities, increase their risk of experiencing adverse health and safety events, such as hospitalization, infection, and death. A resident's quality of life may be enhanced by eliminating the need to leave the facility and travel outside the nursing home to receive their dialysis care. During transport and while at an outpatient dialysis clinic for several hours, the patient may miss one or more meals and be unable to participate in rehab and social activities.

For many nursing facility residents, transportation outside of their residence for dialysis can be fatiguing and contributes to poor outcomes. Residents with multiple comorbidities, including those with tracheostomies, may require stretcher transport via specialty transport with an accompanying CNA.

Recent [studies](#) have shown that that patients receiving home dialysis in nursing homes have improved clinical outcomes, improved recovery times to under two hours, and reduced risks of infection. Additionally, one of the largest dialysis providers in Michigan found that patients who dialyze on site at a nursing facility experience 15% fewer hospital readmissions than those who travel to off-site dialysis clinics.

Resident Choice

In addition to improved quality measures, to many residents, the nursing facility is their home. "In home" dialysis is truly that, being able to receive their regular dialysis treatments in the place they live, without the inconvenience of long transportation times and hours spent in an outpatient clinic.

The option of in home dialysis also gives nursing facility residents a choice; they can choose to have in home dialysis in their nursing facilities, or choose to have their dialysis done at an outpatient clinic. This choice is an important part of Federal Regulations surrounding residents in long term care settings; that they should be part of the decision making process surrounding their care, when appropriate.

Federal tags (F-tags), which constitute the system through which federal nursing home regulations are identified in the survey process, further emphasizes the importance of resident choice. F-tag 550 states that “the resident has a right to a dignified existence, self-determination, and communication with and access to persons and services inside and outside the facility.”

Medicaid cost implications

Nursing facilities that offer in home dialysis at their locations contract with End State Renal Disease (ESRD) providers to administer care to their residents. These ESRD providers have formal contracts with the nursing facilities where they provide care, and are responsible for the direct care of the residents undergoing dialysis at the facility.

As part of this service, the ESRD providers often supply the skilled certified staff to administer the dialysis. The cost of this staff is invoiced to the nursing facility. This cost ranges from \$35-150 per patient, depending on the situation, and averages \$75 per patient, 5 times a week. One HCAM member facility reported over \$170,000 in one year in dialysis expenses as part of this arrangement.

As part of the Michigan Medicaid Nursing Facility policy, a provider’s costs associated with the provision of necessary medical and nursing care are allowable. These costs are deemed routine care.

Many nursing facility providers have attempted to submit these dialysis staffing expenses on their annual Medicaid cost reports and these costs have been disallowed. MDHHS staff deem any expense associated with dialysis as ancillary, and therefore not allowable per Michigan Medicaid policy interpretation.

Michigan has a Medicaid cost based reimbursement system for nursing facilities. If a cost is disallowed, it decreases a facility’s reimbursement. As such, facilities that provide in home dialysis in their buildings may not be incentivized to continue doing so.

The alternative to in home dialysis in a nursing facility is transporting a resident to an outpatient dialysis clinic. This is done 3 times a week, and transport costs anywhere from \$100-\$150 per trip, if not more. These transportation costs are allowable per Medicaid policy. Nursing facilities can choose to be reimbursed for a weekly \$450 transport cost, or pay out of pocket for a weekly \$375 in home dialysis expense per patient. In home dialysis in a nursing facility is better for the resident, and adds less cost into the healthcare system.

Outpatient transportation costs for the 2,300 Michigan Nursing Facility residents currently receiving dialysis care can cost up to \$53 million dollars per year. Alternatively, in home dialysis expense for those 2,300 residents would cost approximately \$45 million dollars per year, a positive difference of \$8 million dollars per year.

With all the documented benefits of Nursing Facilities offering in home dialysis for resident outcomes, infection control, and quality of life, it’s important that the handling of the expenses associated with these treatments be reexamined.