

# CDC Report

Wednesday January 14, 2004

Board Meeting and "Day-on-the-Hill"

Sacramento, California

**Legislative Report and State Budget:** Michael Arnold presented the following up-date from Sacramento:

The budget has been introduced on time as required. Now the budget will go to various subcommittees, each of which makes revisions. These in turn get consolidated and sent to the two houses, each of which creates its version. Eventually one version emerges, to be sent for approval to the Governor for signature. During this process, we can have our greatest impact in contacting our legislators to let them know how any cuts will negatively affect our patients. Last year, we thought we had successfully communicated and persuaded all to whom we spoke that cuts to dialysis in the Medi-Cal rates were undesirable but at the very last minute, a 5% Medi-Cal cut was included. The California Medical Association lawsuit challenging the validity of the 5% Medi-Cal cuts enacted this year has resulted in a temporary restraining order, that has halted any cuts for now. The Governor's new budget, however, includes an additional 10% decrease in Medi-Cal reimbursement. The Governor also wants to make changes to the Medi-Cal eligibility requirements, and seeks to make Medi-Cal more like private pay insurances with a basic plan and a plan with additional benefits, that would have co-pays, etc.

Medi-Cal cuts will have far reaching implications, beyond the obvious impact on the operational revenue of dialysis units and transportation companies. It will affect access to treatment. Mike made the point that in the future, when a company looks to place a new dialysis unit, the number of Medi-Cal patients in the new unit's patient base could well be a disqualifier for construction. Attendees were reminded that, in communicating with legislators, it is important to emphasize that ESRD reimbursement for Medi-Cal is already below cost of treatment, giving an additional reason to carve ESRD out of any cuts.

**Other Legislative Issues:** We will be working on making August 9<sup>th</sup>-13<sup>th</sup>, 2004 as ESRD week.

**NRAA Report:** Cindy LaMunyon submitted the following report for the Board:

Long-time NRAA Legislative Advocate, Gwen Gampel has retired from lobbying to pursue other ventures. Legislative Advocacy services will be provided to NRAA by BKSH and Associates.

The NRAA Spring Conference will be held in Cancun May 6-8. All are encouraged to go to the website for additional information ([www.nraa.org](http://www.nraa.org)). Since we had a large number of visitors today, Cindy took the opportunity to give a brief description of the goals and mission of the NRAA and encouraged everyone to check out the NRAA website. The NRAA Annual Conference will be held in Denver September 29 - October 2, 2004.

**Medicare Report:** Cindy LaMunyon reported that ESRD drugs will have a one-year carve-out from AWP reform for separately billable medications. Under H.R. 1, the Medicare Prescription drug law, now known as DIMA, ESRD separately billable ESRD drugs are supposed to be reimbursed at 95% of AWP for 2004. Therefore - J 2916 Na Ferric Gluconate Complex (Ferrelecit) J 1750 (Iron Dextran InFed) and J 1756 Iron Sucrose Injection (Venofer) which are all intravenous iron drugs that are administered to ESRD Medicare beneficiaries in the dialysis facility should be reimbursed at 95% of AWP for 2004. Currently, AWP changes listed on the CMS website have them being reimbursed at 85% as non ESRD drugs and are not at all listed in the AWP ESRD drugs. This is being corrected.

The code for EPO payment, Q4055, is effective for 1/1/04 dates of service. All other EPO related codes, including codes for hematocrits, remain unchanged.

Currently, the fiscal intermediaries can create and enforce Local Medical Review Policies (LMRPs). These will be phased out in an effort to provide a single standard. Local Coverage Decisions (LCDs) will replace

LMRPs. LCDs will not be open for appeal, however, making it a very mixed blessing. We will need to watch developments in this area carefully. Carol DiRaimondo reported that the effort is being made to continue the LMRP advisory process.

CMS Open Door meetings will be going to quarterly. The next Open Door meeting will be 3/26/04.

**Medi-Cal Report:** Cindy reported that, thanks to CDCs efforts, TARS are no longer required, either initially or on-going, as of 1/1/04. The Medi-Cal Provider Bulletin will carry notification within the next month.

Medi-Cal EPO procedure: we are working on getting Medi-Cal to modify their hard edits. This is not moving quickly since Dr. Farber, through whom this change must go, is now focusing his attention on an Aranesp policy and does not want to attempt to make more than one change at a time.

**CDC Program Committee:** Peter Crooks, MD, reported that the program is all but complete and will be available on the website shortly. Presentations will include an open forum with the upper echelon of the major chains, legislative update, CMS representation, etc. CEUs are offered as always. The Annual Meeting is set for April 1-3, 2004 in Palm Springs.

**Legislative Briefing for “The Day-on-the-Hill”:** Kristian Foy and Mike Arnold presented the logistics of the legislative visits due to occur that afternoon. Mike emphasized that “our goal is to achieve a mentality in our legislators, that dialysis reimbursement cannot be cut.

All were encouraged to continue to attempt to influence the legislators by writing letters and inviting them to visit dialysis facilities. The importance of involving patients in the lobbying efforts was strongly stressed. Members who had legislative visits to their units shared their experiences, all of which were positive.

Guest speaker Assemblyman Dario Frommer, Chair of the Assembly Health Committee presented his views of the current political climate in Sacramento during lunch .

### **Next Meeting:**

February 20, 2004 in Los Angeles

**For more information and a registration form, please check our web site at:**

[http://www.caldialysis.org/next\\_meeting.htm](http://www.caldialysis.org/next_meeting.htm)