

SPECIAL REPORT: IMPACT OF THE DIALYSIS BUNDLED PAYMENT SYSTEM

In 2011, the US dialysis market entered into a bundled dialysis payment system. This payment system is inclusive of drugs and services. Therefore, drugs administered during dialysis that were previously separately billable (i.e. profit centers) now represent a cost to the dialysis center. It is expected that this payment system will change management and treatment strategies in the dialysis market and will have an impact on the way certain products are utilized. The purpose of this report is to evaluate changes in key areas impacted by bundling including dialysis modality choice, use of ESAs and IV iron, use of vitamin D, Sensipar and phosphate binders. This report series began prior to the implementation of bundling and has been tracking expected changes. In 2011, these reports will uncover the actual impact of bundling, including changes in treatment strategies, changes in use of medications, medical director and renal administrator perceptions, and impact on patient care.

SAMPLE FRAME AND METHODOLOGY

Qualitative interviews with key stakeholders

CMS/ Fiscal Intermediaries/Commercial Insurance CMOs (n=15)
KOLs /Nephrologists (n=5)
Dialysis Center Executives (n=5)
Nephrology Organizations (n=5)
Renal Administrators (n=5)

The qualitative methodology (n=35 interviews per wave) will consist of exploratory, in-depth telephone interviews lasting approximately 50 minutes

Quantitative survey with medical directors and renal administrators

150 medical directors and 120 renal administrators per wave

The quantitative methodology will be a self-administered online survey approximately 45 minutes in length

PRODUCT COVERAGE

Epogen, Aranesp, Procrit, Venofer, Ferrlecit, Feraheme, INFeD, Dexferrum, Sensipar, Zemplar, Hectorol, Calcijex, nutritional vitamin D, Renagel, Renvela, PhosLo, Fosrenol

RELATED 2011 REPORTS

TreatmentTrends®: US Nephrology
TreatmentTrends®: Anemia Managers
TreatmentTrends®: Renal Dietitians
ChartTrends® Bone and Mineral in Dialysis
ChartTrends®: Renal Anemia in Dialysis

PROJECT OBJECTIVES

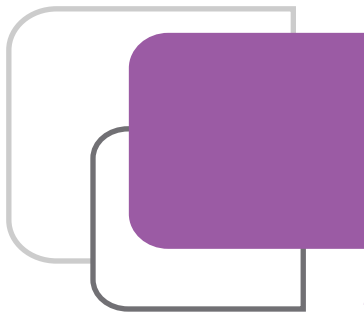
- What changes have occurred in dialysis patient management since the new bundled payment system was implemented on January 1, 2011?
 - How have these changes been prioritized?
 - How have physicians developed case mix strategies?
 - How do strategies adopted in dialysis affect the management of chronic kidney disease?
 - How has bone and mineral metabolism management changed with vitamin D included and calcimimetics and phosphate binders excluded until 2014?
 - How have EPO sparing strategies been implemented? What has the impact been on use and dose of EPO and IV iron products?
 - What level of cost savings have been achieved with these strategies?
 - How have providers been able to balance the desire for lower cost agents while maintaining patient safety and outcomes?
- What are commercial payers doing in light of a new reimbursement system?
 - What changes, if any, are being adopted/considered by commercial payors in light of the dialysis bundle?
 - How has the payor mix shifted, if at all?
 - What strategies are dialysis providers using to improve payer mix?
- Summarize the opportunities/threats for manufacturers

DELIVERABLES

- Final report in powerpoint format
- Complete set of frequency tables, summary statistics and cross-tabulations
- Qualitative interview transcripts
- Proprietary slide deck and frequency tables
 - Clients purchasing prior to fielding will have the opportunity to include up to three proprietary questions in each wave
 - Responses to proprietary questions will be provided only to those sponsors and will not be included in the syndicated version of the report but provided under separate cover

REPORT DATES

Wave	Date comments/proprietary questions are due	Field date	Publication date
1	May 14, 2011	May 24, 2011	June 28, 2011
2	October 22, 2011	November 1, 2011	December 6, 2011



SPECIAL REPORT: IMPACT OF THE DIALYSIS BUNDLED PAYMENT SYSTEM

TABLE OF CONTENTS

- Introduction..... 4
 - Background
 - Research objectives
 - Methodology and sample frame

- Executive Summary..... 8

- Participant Demographics..... 14
 - Dialysis center primary affiliation and other affiliations
 - Dialysis center patient load
 - Allocation of professional time
 - Income components: medical directors
 - Medical director and renal administrator demographics
 - Changing role of renal administrators

- Knowledge of the Dialysis Bundle..... 26
 - Understanding of the dialysis bundled payment system
 - Level of understanding by chain affiliation
 - Perceptions of patient understanding of the dialysis bundled payment system
 - Actual rule vs. expectations
 - Greatest concerns with bundling
 - Sources of information and most valuable sources
 - Bundling description
 - Impact of the bundled payment system
 - Patient groups at increased risk
 - Areas for greatest potential cost savings
 - Impact of bundling on fiscal performance
 - Specific cost savings related to anemia management
 - Specific cost savings related to patient selection
 - Specific cost savings related to SHPT
 - Perceptions about pay for performance metrics

- Impact on Modality Choice..... 56
 - Impact of bundling on modality choice
 - Home hemodialysis program readiness
 - Peritoneal dialysis program readiness
 - Impact of bundling on transplantation

SPECIAL REPORT: IMPACT OF THE DIALYSIS BUNDLED PAYMENT SYSTEM

TABLE OF CONTENTS

- Impact on the Renal Anemia Market..... 62
 - Impact on anemia outcomes
 - Current use of ESAs (prevalence, share, method of administration)
 - Current use of IV iron (prevalence, share)
 - Potential renal anemia changes in a bundled environment (likelihood of happening, involvement in decision, patient impact)
 - Subcutaneous dosing of ESAs
 - Lower target range for hemoglobin
 - Potential cost savings with ESAs
 - Reduction in EPO annual expenditures
 - Most cost effective IV iron dosing strategy
 - Brand interchangeability
 - Acceptance of generics
 - Anemia brand impact under bundling
 - Future use of ESAs
 - Future use of IV iron

- Impact on the Bone and Mineral Metabolism Market..... 87
 - Current use of active vitamin D (prevalence, share)
 - Current use of Sensipar
 - Impact on Sensipar use
 - Likely events in bone and mineral metabolism
 - Potential bone and mineral metabolism changes in a bundled environment (likelihood of happening, involvement in decision, patient impact)
 - Impact on SHPT outcomes
 - Incidence of parathyroidectomy and expectations
 - Likely changes in vitamin D practice patterns (and nutritional vs. active)
 - Impact on hyperphosphatemia outcomes
 - Market share changes with phosphate binders
 - Phosphate binder actions likely to occur
 - Brand impact under bundling
 - Binder brand interchangeability and acceptance of generics

- Preparing for 2011..... 109
 - Cooperation of attending nephrologists
 - Pilot programs
 - Positive aspects of bundling
 - Understanding of case-mix adjustments
 - Use of modalities in a bundled environment
 - Current support to analyze the bundle
 - Opt-in vs. phase-in
 - Commercial payors
 - Likelihood of acquisition
 - Perception of FMC ownership in pharmaceutical products
 - Special concerns for hospital-based facilities
 - Impact on nephrology career

- Appendix..... 134