

Acute Care Services Committee
Agency Request
Policy ESRD-3: Development of Outpatient
Dialysis Facilities on a Hospital Campus
April 7, 2020

Healthcare Planning (HP) proposes Policy ESRD-3 to allow hospitals to develop a kidney disease treatment center (“outpatient dialysis facility”) on a hospital campus without the requirement of a need determination. Last year the Agency received a petition from UNC Hospitals to develop an outpatient dialysis facility on a hospital campus. Discussions with the committee and within the Agency favored creation of a policy to enable any hospital to offer outpatient dialysis services to patients who are not appropriate for community-based facilities but are also not inpatients. It is not the Agency’s intent to use the proposed policy to supplant outpatient dialysis facilities in the community.

As of 2018, about 40% of hospitals had inpatient dialysis stations (2019 Hospital License Renewal Applications). When hospitals provide dialysis treatments to outpatients, they cannot receive reimbursement via the inpatient dialysis program. Eligibility for reimbursement requires the hospital to have a Medicare-certified outpatient dialysis facility. Under normal circumstances, development of an outpatient dialysis facility at the hospital would require a county need determination. County need determinations are very rare, however.

The intent of the proposed policy is to enable hospitals to be reimbursed for providing outpatient dialysis to individuals that they need to serve at the hospital. To receive Medicare reimbursement for outpatient dialysis, the Centers for Medicare and Medicaid Services (CMS) requires that the hospital own the outpatient dialysis facility. The hospital does not have to operate the facility, however.

The Basic Principles in Chapter 9 require a new dialysis facility to have at least 10 stations to be cost-effective and assure quality of care. Given that hospitals are likely to have the necessary infrastructure to house outpatient dialysis stations, we propose to waive this requirement.

Finally, we propose to exclude existing and newly-developed outpatient dialysis facilities on a hospital campus from the county and facility need determination methodologies¹. Such facilities are likely to have relatively low utilization because they will serve a specialized population. Therefore, we propose to exclude a facility’s utilization from the county need methodology because the utilization is unlikely to achieve 80%; thus a county with a hospital-based outpatient dialysis facility would be very unlikely ever to have a county-based need for dialysis stations. Also, if a hospital-based outpatient facility needs to increase the number of stations, the proposed policy contains a mechanism to allow expansion.

¹Carolinas Medical Center (Levine Children’s Hospital), NC Baptist Hospital, and Novant Presbyterian Medical Center have outpatient dialysis facilities.

Proposed Policy

Policy ESRD-3: Development or Expansion of a Kidney Disease Treatment Center on a Hospital Campus

Licensed acute care hospitals (see stipulations in G.S. 131E-77 (e1)) may apply for a certificate of need to develop or expand an existing Medicare-certified kidney disease treatment center (outpatient dialysis facility) without regard to a county or facility need determination if all the following are true:

1. The hospital proposes to develop or expand the facility on any campus on its license where general acute beds are located.
2. The hospital must own the outpatient dialysis facility, but the hospital may contract with another legal entity to operate the facility.
3. The hospital must document that the patients it proposes to serve in an outpatient dialysis facility developed or expanded pursuant to this policy are inappropriate for treatment in an outpatient dialysis facility not located on a hospital campus.
4. The hospital must establish a relationship with a community-based outpatient dialysis facility to assist in the transition of patients from the hospital outpatient dialysis facility to a community-based facility wherever possible.

The hospital shall propose to develop at least the minimum number of stations allowed for Medicare certification by the Centers for Medicare and Medicaid Services (CMS). Certificate of need will impose a condition requiring the hospital to document that it has applied for Medicare certification no later than three (3) years from the effective date on the certificate of need.

The performance standards in 10A NCAC 14C .2203 do not apply to a proposal submitted by a hospital pursuant to this policy.

Dialysis stations developed pursuant to this policy are excluded from the inventory in the SMFP and excluded from the facility and county need methodologies. Certified outpatient dialysis stations that existed in hospitals as of the date of implementation of this policy will be removed from the inventory and methodologies; these facilities will be treated as though the stations were developed pursuant to this policy.

Outpatient dialysis facilities developed or expanded pursuant to this policy shall report utilization to the Agency in the same manner as other facilities with outpatient dialysis stations.