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The Honorable Todd Young
400 Russell Senate Office Building
Washington, DC 20510

The Honorable Bill Nelson
716 Hart Senate Office Building
Washington, DC 20510

The Honorable Dean Heller
324 Hart Senate Office Building
Washington, DC 20510

The Honorable Michael Bennet
261 Russell Senate Building
Washington, DC 20515

Dear Senators Young, Nelson, Heller, and Bennett:

On behalf of Atlantic Dialysis Management Services, L.L.C. (ADMS), I want to thank you for the opportunity to comment on H.R. 4143, the Dialysis Patients Demonstration Act (DPDA) of 2017. I would also like to take this opportunity to thank you for your interest and dedication to improve integrated care for dialysis patients.

I do value the improvements made to the legislative draft over the months, however, I still have concerns with H.R. 4143 and unfortunately, ADMS cannot support this legislation at this time.

Atlantic Dialysis Management Services (ADMS), is a New York-based, for-profit, nephrologist owned and operated small dialysis organization. ADMS was ranked seventh largest dialysis provider in the United States by *Nephrology News and Issues* in 2016. ADMS serves predominantly the urban poor and ethnic minorities. ADMS does not have any affiliation with non-nephrologist investor groups, and it is not publicly traded. Nephrologists practicing in the community are the owners of our facilities, and the management company is designed to share overhead expenses. We have been providing End Stage Renal Disease (ESRD) services continuously since 1991. Aptly, we have been considered "voice" of the independents in the dialysis industry.

I strongly support the need to improve the overall care for patients with ESRD and presently we are participating in the ESRD Seamless Care Organizations (ESCO) through the Center for Medicare and Medicaid Innovation's (CMMI) Comprehensive ESRD Care (CEC) model. Currently, 480 ADMS patients receive care in our ESCO and we plan to extend this coverage to 800 beneficiaries in 2018. We support the ESCO because it permits different payment tracks allowing smaller providers like ADMS to participate in the model and accept more risk as we develop the capability for increased risk tolerance.

With specific regard to ESRD patients and the H.R. 4143, I offer the following reasons and comments for my opposition:

1. I am sure you are aware that the dialysis industry is already highly consolidated into two large dialysis organizations. Enactment of H.R. 4143 will further accelerate this process. The legislation would force thousands of ESRD beneficiaries to be involuntarily enrolled in the program your bill introduces with an opt-out provision to preserve their freedom of choice. I firmly believe that ESRD patients should have the freedom to choose their dialysis provider in the same manner as they choose their physicians. This will encourage small dialysis providers to continue to serve their patients with an innovative and individualized approach to patient care.

2. H.R. 4143 requires dialysis providers to become an insurance plan. Only the largest of the dialysis organizations can restructure themselves to fill this role. With an average annual per beneficiary cost of over $80,000, the downside risk for us is too large to assume. If your legislation is enacted, small dialysis providers like ADMS would be seriously disadvantaged and very likely to be forced out of business.

3. I like the safeguards incorporated in the ESCO model put forth by CMMI which allows providers of different sizes to be able to participate. Limits on the geographic size of the ESCO (not more than two contiguous CBSA) would virtually eliminate the possibility of larger dialysis organizations with enormous resources to use this demonstration project to expand their market share.

4. Since your bill was originally introduced, the Comprehensive ESRD Care (CEC) model introduced by CMMI in 2015 has been shown to be working well. In the performance year 1 (PY1), all 13 ESCOs generated savings. In 12 ESCOs, savings surpassed the Minimum Savings Rate (MSR) making them eligible to receive shared savings payments. The CEC Model savings was over 5.3% of benchmark or $75 million. Net savings to Medicare Trust Fund in the first year of the CEC model was nearly $24 million. With this kind of stellar performance in the first year, I do not see the urgency to introduce another program which that might "muddy" the water.

5. The current CEC model has two tracks. The Gotham City Kidney Care ESCO fielded by ADMS chose the one-sided, non-risk bearing model. In the years to come, we may choose two-sided risk bearing model after we become a bit more proficient. At that stage, we may even be interested in taking a look at the capitated "full risk" model like the one that you are proposing in H.R. 4143.

On behalf of owners, staff and our patients, I highly commend you for your interest in this matter. Should you have any questions, I am available to have further dialogue. I can be reached at (347) 661-5499 or jbhat@atlanticdialysis.com

Respectfully,

J.G. Bhat, M.D.
Co-Principal
Atlantic Dialysis Management Services, L.L.C.