

Authorization of ESRD Network Organizations

The Social Security Amendments of 1972 (PL 92-603) extended Medicare coverage to individuals with end-stage renal disease (ESRD) who require dialysis or transplantation. At that time, the broad array of professionals and providers involved in the treatment of persons with ESRD indicated the need for a system to promote effective coordination. CMS believed that the integration of hospitals and other health facilities into organized networks was the most effective way to assure the delivery of needed ESRD care. On July 1, 1975, proposed regulations were published (40 CFR 27782) and finalized on June 3, 1976 (41 CFR 22502) that included provisions for implementing ESRD networks.

Subsequently, the ESRD Amendments of 1978 (PL 95-292) amended Title XVIII of the Social Security Act (the Act) by adding Section 1881. Section 1881 (c) statutorily authorized the establishment of ESRD network areas and network organizations, consistent with criteria that the Secretary found appropriate to assure the effective and efficient administration of ESRD program benefits.

Since 1976 the ESRD delivery system has evolved and network functions have changed. On April 7, 1986, the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 was passed (PL 99-272). Section 9214 required the Secretary to maintain ESRD network organizations as authorized under section 1881 (c) of the Act and permitted the Secretary to consolidate the 32 organizations to a specified number.

A proposed rule was published on April 15, 1986 (51FR 12714), and finalized on August 26, 1986 (51 FR 30356) which permitted the Secretary to re-designate and reorganize the 32 networks administratively. At the same time a final notice (51 FR 30434) was published that set forth the geographic regions of the network areas.

The Omnibus Budget Reconciliation Act (OBRA) of 1986 (PL 99-509) was enacted before CMS could act on network contracts. Sections 9335 (d) - (h) amended section 1881 (c) of the Act. The number of network organizations was authorized to be at least 17. In 1987 the network areas were re-designated as 18 areas.