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News Release

SMALL DIALYSIS ORGANIZATIONS SUPPORT TESTING PROPOSED REIMBURSEMENT POLICIES BEFORE IMPLEMENTATION TO MINIMIZE IMPACT ON QUALITY OF CARE AND ACCESS TO TREATMENT

**91 Percent Believe Proposed Changes Motivated by Cost
Containment**

**91 Percent Suggest Untested Bundled System for Dialysis Services
Could Be Harmful to Patients**

86 Percent Warn the Policy Could Lead to Dialysis Center Closures

THOUSAND OAKS, Calif. (September 20, 2007) – According to a new survey commissioned by Amgen and conducted by Harris Interactive®, an overwhelming majority of small dialysis organizations (SDOs) support testing proposed changes to Medicare reimbursement of dialysis services before they are implemented. Ninety-one percent of survey respondents agree a “bundled payment system,” such as the one included in the Children’s Health and Medicare Protection Act (CHAMP), should be tested through a demonstration project to ensure quality of care and access to treatment for dialysis patients.

Ninety-one percent of SDOs surveyed believe cost containment is the reason Congress is considering moving to a bundled payment system without the demonstration project. Without the appropriate testing, 61 percent of SDOs say the new system could be harmful to patients because the dialysis centers would have to treat fewer patients with extensive clinical complications. Seventy-one percent of SDOs also say that it would be likely that they would have to limit the use of some more effective, but higher cost technologies used in the treatment of dialysis patients and 55 percent of SDOs say they would be forced to limit laboratory tests. Further, a majority of SDOs (86 percent) agree the changes could lead to dialysis center closures, resulting in patients not having access to dialysis centers that are closest to them.

“Approximately 25 percent of dialysis patients are served by small SDOs. These are vulnerable patients who often live in rural or inner city areas and have limited options for convenient dialysis treatment,” said Diane Wish, president and CEO of Centers for Dialysis Care¹. “SDOs do not have the same ability as large dialysis organizations to adjust to a bundled payment system. This type of system could force SDOs to reduce services, staff and investments in the latest clinical advancements in order to continue to provide patients with quality care. It is

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essential that the proposed changes to dialysis reimbursement be tested to assure they reflect the cost of care so that treatment is not compromised for any patients.”

On August 1, the House passed the CHAMP bill, which includes an alternative to Medicare’s current reimbursement for dialysis services called a “bundled payment system.” Medicare plays a critical role in the reimbursement of dialysis services because people become eligible for Medicare when they begin dialysis, regardless of their age. Currently, dialysis centers receive a composite rate payment per dialysis treatment, which covers the dialysis treatment and some drugs and labs. In addition to this composite rate payment, dialysis centers are reimbursed for “separately billable items,” including lab services and certain drugs, such as IV Iron, ESAs (erythropoiesis stimulating agents), and IV vitamin D. Under the proposed bundled payment system, dialysis centers would receive a single payment per dialysis treatment to cover the cost of all dialysis services, regardless of actual resources used.

Because of the uncertainties associated with the bundled payment system, the Medicare Modernization Act (MMA) in 2003 mandated the Centers for Medicare and Medicaid Services (CMS) conduct a demonstration project to test the bundled system prior to implementation. The purpose of this demonstration project is to help address variations in laboratory services and drugs used to assure quality patient care at sustainable rates in a bundled payment system. To date, the demonstration project is on hold due to challenges in implementing the system. If the CHAMP bill becomes law, the bundled payment system would be implemented without finalizing the demonstration project.

Dialysis is the artificial process of cleaning wastes from the blood when kidneys fail to function. Chronic kidney disease patients who reach the final stage of the disease – also known as end stage renal disease – require dialysis to sustain life. Dialysis treatments are typically provided at dialysis centers three times per week for three to four hours per treatment.

Key Survey Findings:

- 91% of SDOs surveyed believe that cost containment is the reason Congress is moving to a bundled payment system without the completion of the demonstration project. *(Survey Question: Which of the following reasons best describes why you think Congress is considering moving to a bundled payment system without the demonstration project to assess the proper case-mix adjustment? Answer Options: To enhance patient care, Cost containment, Other, Not sure, Decline to answer.)*
- 91% agree that it could be harmful to patients if a bundled payment system for drugs, labs and dialysis services were implemented before the completion of the CMS demonstration project. *(Survey Question: Please indicate the extent to which you agree or disagree with the following statement: Implementing a bundled payment system for drugs, labs and dialysis services before the completion of the CMS’ demonstration project of the case-mix adjusted payment system could be harmful for patients.)*

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- SDOs say it is likely that their dialysis centers would:
 - Treat fewer patients with extensive clinical complications (61%)
 - Limit the use of some more effective, but higher cost technologies used in the treatment of dialysis patients (71%)
 - Be forced to limit laboratory testing (55%)

(Survey Question: Please indicate how likely you think it is that each of following will occur if changes are made to include a bundled payment system without the demonstration project to assess the proper case-mix adjustment: My dialysis center(s) would treat fewer patients with extensive clinical complications; My dialysis center would limit the use of some more effective, but higher cost technologies used in the treatment of dialysis patients; My dialysis center would be forced to limit laboratory testing.)

- 86% agree the changes could lead to dialysis center closures, resulting in patients not having access to dialysis centers that are closest to them. *(Survey Question: Please indicate the extent to which you agree or disagree with the following statement: A bundled payment system without the demonstration project to assess the proper case-mix adjustment would lead to dialysis center closures, resulting in patients not having access to dialysis centers that are closest to them.)*

Methodology

This study was conducted by mail within the U.S. by Harris Interactive on behalf of Amgen between July 24 and August 28, 2007 among small dialysis organization owners and financial decision-makers. Three hundred eighty-three participants were recruited by phone to participate in the study. A total of 88 completed the follow-up mail survey. For the survey, an SDO was characterized as an independent dialysis center or chain not affiliated with a national chain such as DaVita/Gambro or Fresenius (FMS)/Renal Care Group (RCG). Results were not weighted for this study. Note: Due to small sample size the results should be used directionally.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words “margin of error” as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100 percent response rates. These are only theoretical because no published polls come close to this ideal.

About Amgen

Amgen discovers, develops and delivers innovative human therapeutics. A biotechnology pioneer since 1980, Amgen was one of the first companies to realize the new science’s promise by bringing safe and effective medicines from lab, to manufacturing plant, to patient. Amgen therapeutics have changed the practice of medicine, helping millions of people around the world in the fight against cancer, kidney disease, rheumatoid arthritis, and other serious illnesses. With a deep and broad pipeline of potential new medicines, Amgen remains committed to advancing science to dramatically improve people’s lives. To learn more about our pioneering science and our vital medicines, visit www.amgen.com.

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About Harris Interactive

Harris Interactive is the 13th largest and fastest-growing market research firm in the world. The company provides innovative research, insights and strategic advice to help its clients make more confident decisions which lead to measurable and enduring improvements in performance. Harris Interactive is widely known for The Harris Poll, one of the longest running, independent opinion polls and for pioneering online market research methods. The company has built what it believes to be the world's largest panel of survey respondents, the Harris Poll Online. Harris Interactive serves clients worldwide through its North American, European and Asian offices, and through a global network of independent market research firms. More information about Harris Interactive may be obtained at www.harrisinteractive.com. To become a member of the Harris Poll Online and be invited to participate in online surveys, register at www.harrispollonline.com.

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ⁱ U.S. Renal Data System, USRDS 2007 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 2007.