

Kidney Health Care Program 2005 Annual Report

Division for Family and Community Health Services Texas Department of State Health Services

Legislative Authority

The Kidney Health Care Act (Article 4477-20, Vernon's Texas Civil Statutes) authorized the establishment of the Kidney Health Care (KHC) Program in April 1973 under the Texas Department of Health, now the Department of State Health Services (DSHS). The program was later recodified under Texas Health and Safety Code, Chapter 42. This law directs the use of State funds and resources for the care and treatment of persons suffering from end-stage (chronic) renal disease. This annual report is submitted in compliance with §42.016 of the Texas Health and Safety Code.

History

End-stage renal disease (ESRD), or chronic kidney failure, is the stage of permanent and irreversible kidney disease that requires the use of renal replacement therapy (kidney dialysis or transplantation) to maintain life. ESRD is usually the result of years of chronic kidney disease caused by inherited conditions, medical conditions such as diabetes and/or hypertension, or an injury to the kidneys. ESRD is the final stage of a slow deterioration of the kidneys, a process known as nephropathy.

Prior to 1973, persons suffering from ESRD had very few options available to them to treat this disease. Death was the most common outcome because few patients could afford the tremendous expense associated with renal replacement therapy.

In 1973, Congress created the Chronic Renal Disease (CRD) Program under Medicare to assist ESRD patients with the financial burden associated with this disease. Under the CRD Program, Medicare covers allowable medical costs for dialysis and transplant patients who are fully or currently insured under Social Security. This has made treatment more accessible and has increased the number of ESRD patients receiving therapy. According to the End Stage Renal Disease Network of Texas, more than 320,000 patients are receiving ESRD therapy nationally - more than 36,000 of whom are Texas patients.

Despite the Medicare CRD Program, the impact and cost of ESRD on Texans is great. Most dialysis patients do not receive any medical benefits from Medicare for a three-month period after the initiation of dialysis, and Medicare does not offer coverage for most drug and travel expenses associated with the treatment of ESRD, with the exception of immunosuppressive drugs for certain Medicare-eligible transplant patients. To help ease the financial burden on people with ESRD, the Texas Legislature created the Kidney Health Care Program. The primary purpose of the KHC Program is to "direct the use of resources and to coordinate the efforts of the State in this vital matter of public health."

The KHC Program has grown from 819 approved applicants in fiscal year 1974 to 18,197 eligible recipients in fiscal year 2005. During these 32 years, more than 84,000 KHC Program recipients have been approved to receive financial assistance for access surgery, dialysis treatments, hospitalization, medication, and transportation costs incurred in the treatment of ESRD.

Fiscal Year 2005 Accomplishments

During fiscal year 2005, the KHC Program successfully met the following program goals:

- Provided information and educational programs to the public on organ donation and transplantation.
- Launched a statewide employee campaign on organ donor education for the agencies under the Texas Health and Human Services Commission.
- Administered grant awards for organ donor awareness and education programs for the Anatomical Gift Educational Program (AGEP).
- Began the analysis of and planning for the impact of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (hereinafter referred to as “Medicare Part D”) on the KHC Program.
- Provided education and outreach activities to KHC Program beneficiaries and providers regarding the Medicare Part D prescription drug program.
- Developed program rules, policies, and procedures to coordinate KHC Program benefits with Medicare Part D drug benefits.
- Increased the reimbursement rate for dialysis services.
- Reviewed and added five drugs to the KHC Program formulary.
- Adopted rules to include language regarding Medicare Part D and to add a new Medicare Part B co-insurance benefit for immunosuppressive drugs.

Fiscal Year 2006 Program Goals

The KHC Program has established the following goals for fiscal year 2006:

- Implement coordination of benefits of Medicare Part D and the KHC Program.
- Monitor and analyze the impact of Medicare Part D on the KHC Program and its recipients.
- Monitor legislative activities, including analyzing legislation related to kidney health services, organ donation, and other health services.
- Implement the Donor Education, Awareness, and Registry (DEAR) Program of Texas, Chapter 49, Texas Health and Safety Code, 79th Legislative Session.
- Implement the 20 percent co-insurance payment for immunosuppressive drugs under Medicare Part B.

Program Eligibility

An applicant must meet all of the following requirements to receive KHC Program benefits:

- Have a diagnosis of ESRD;
- Be a resident of the State of Texas and provide documentation of Texas residency;

- Submit an application for benefits through a participating facility;
- Be receiving a regular course of chronic renal dialysis treatments or have received a kidney transplant;
- Meet the Medicare criteria for ESRD;
- Be ineligible for full Medicaid benefits; and
- Have a gross income of less than \$60,000 per year.

Fiscal Year 2005 Benefits

Specific program benefits are dependent on the applicant's treatment status and eligibility for benefits from other programs such as Medicare, Medicaid, or private insurance. KHC Program benefits are subject to budget limitations and to the reimbursement rates established by the DSHS. Specific benefits include payment for allowable drugs, transportation, and medical expenses incurred as a direct result of ESRD treatment.

Drugs

This benefit is available to all recipients, except recipients who are eligible for drug coverage under a private/group health insurance plan, or to those receiving full Medicaid prescription drug benefits. Reimbursement is limited to four prescriptions per month. Reimbursement is also limited to KHC Program allowable drugs. The KHC Program recommends, and the Assistant Commissioner for Family and Community Health Services approves, which drugs are covered. Recipients are required to obtain their medications from a KHC Program participating pharmacy. A \$6.00 co-pay is applied to each drug product purchased. In fiscal year 2005, 12,228 KHC Program recipients received a drug benefit for an average cost per recipient of \$1,094 per year (Automated System for Kidney Information Tracking (ASKIT) data as of 11/10/05).

Transportation

Recipients eligible for travel benefits are reimbursed at 13 cents per round-trip mile, based on the recipient's treatment status and the number of allowable trips taken per month to receive ESRD treatment. Reimbursement is limited to a \$200 monthly maximum. Recipients who are eligible for transportation benefits under the Medicaid Medical Transportation Program are not eligible to receive KHC Program transportation benefits. In fiscal year 2005, 15,889 KHC Program recipients received a travel benefit for an average cost per recipient of \$268 per year (ASKIT data as of 11/10/05).

Under House Bill 2292, 78th Legislative Session, DSHS was required to contract with the Texas Department of Transportation (TxDOT) to assume all responsibilities of DSHS relating to the provision of transportation services for clients of eligible programs. The KHC Program is processing travel claims for this benefit under an HHSC Interagency Agreement with TxDOT.

Medical

The KHC Program provides limited payment for ESRD-related medical services. Allowable services include inpatient and outpatient dialysis treatments and medical services required for access surgery, which include hospital, surgeon, and anesthesiology charges.

Access surgery is a procedure necessary for the initiation of dialysis treatments. Charges for hospitalization, surgeon and assistant surgeon fees, as well as anesthesiologist fees are covered. Because this surgery is typically done before the patient qualifies for ESRD benefits through Medicare, this benefit can be covered retroactively, up to 180 days before the date of KHC Program eligibility. In fiscal year 2005, 965 KHC Program recipients received a medical benefit for an average cost per recipient of \$1,788 per year (ASKIT data as of 11/10/05).

Medicare Premium Payment

The KHC Program will pay the premium for Medicare Parts A and B on behalf of program recipients who are: 1) eligible to purchase this coverage according to Medicare’s criteria; 2) not eligible for “premium free” Medicare part A (hospital) insurance under the Social Security Administration; and 3) not eligible for Medicaid payment of Medicare premiums.

Fiscal Year 2005 Client Services Expenditures

Client services expenditures provided to KHC Program recipients are reported in Table 1 below. Expenditures for drugs used in the treatment of ESRD continue to account for the largest expenditure, comprising \$13.4 million, or 68 percent of total fiscal year 2005 client services expenditures. Of the remaining fiscal year 2005 client services expenditures, travel services accounted for 22 percent and medical services accounted for 10 percent of expenditures.

The current KHC Program Reimbursable Drug List includes 38 therapeutic categories of medications. In fiscal year 2005, the top five drug expenditures by therapeutic category were:

- 1) cardiovascular/antihypertensive drugs
- 2) immunosuppressive drugs
- 3) hypoglycemic (insulin) agents
- 4) antihyperlipidemics
- 5) phosphate binders/antacids.

The total number of fiscal year 2005 drug claims was 244,746, for a total drug expenditure of \$13.4 million. This represented an average cost per drug claim of \$69.08 (ASKIT data as of 11/10/05).

Table 1: Fiscal Year 2005 Client Services Expenditures

Client Services	Expenditures*	Percent of Total
Drugs	\$ 13,391,538	68.32
Travel	4,281,807	21.84
Medical	1,928,615	9.84
Total	\$ 19,601,960	100.00

* Organizational budget as of 12/2/05.

Approved Applicants

Approved applicants are the number of people with ESRD who became newly eligible for KHC Program benefits during the fiscal year being reported. Table 2 reflects the age, gender, and ethnic distribution of fiscal year 2005 KHC Program approved applicants. The age distribution shows that the greatest percentage of approved applicants falls into the 45-54 and 55-64 age groups. With regard to gender, the number of male approved applicants is higher than that of females. Most notable within the ethnic distribution of fiscal year 2005 program applicants is the high percentage of Hispanic applicants. In fiscal year 2005, the Hispanic group comprised 40 percent of approved applicants. The number of KHC Program applicants within the Hispanic group continues to be more dramatic than among applicants within any other race or ethnicity. Note: The "Other" ethnic category includes Indian, Asian, American Indian/Alaskan Native, Pacific Islander, and Mid East/Arabian applicants.

Table 2: Fiscal Year 2005 Approved Applicants

Age Group	Fiscal Year 2005 Approved Applicants		*Projected 2005 Texas Population	
	Total	Percent of Total	Total	Percent of Total
0-20	29	0.65	7,327,304	31.85
21-34	343	7.63	4,866,860	21.16
35-44	572	12.72	3,419,203	14.86
45-54	1,007	22.40	3,075,411	13.37
55-64	1,160	25.80	2,053,349	8.93
65-74	823	18.30	1,225,012	5.33
75+	562	12.50	1,035,416	4.50
Totals	4,496	100.00	23,002,555	100.00
Gender				
Female	1,834	40.79	11,515,940	50.06
Male	2,662	59.21	11,486,615	49.94
Totals	4,496	100.00	23,002,555	100.00
Ethnicity				
African American	1,205	26.80	2,621,563	11.40
Hispanic	1,799	40.01	8,144,538	35.41
White	1,381	30.72	11,354,499	49.36
Other	111	2.47	881,955	3.83
Totals	4,496	100.00	23,002,555	100.00

**Population-State population figures are obtained from the Texas A&M State Data Center and are based on unadjusted 2000 census figures.*

Availability of Additional Data

This publication includes data most frequently requested by individuals interested in ESRD information. This report is available at <http://www.dshs.state.tx.us/kidney/reports.shtm>.

All requests for additional data or reports should be sent to:

Mail Code: 1938; Department ID: G31000
Kidney Health Care Program
Purchased Health Services Unit
Department of State Health Services
1100 W. 49th Street
Austin, TX 78756
(512) 458-7150
Fax (512) 458-7162

For more information on state and national data, please visit the following sources:

ESRD Network of Texas, Inc. (#14)

14114 Dallas Parkway
Suite 660
Dallas, TX 75254
(972) 503-3215
<http://www.esrdnetwork.org/>

United States Renal Data System Coordinating Center

914 South 8th Street
Suite D-206
Minneapolis, MN 55404
1-888-99USRDS
<http://www.usrds.org/>