



Kidney Health Care Program Report

**As Required by
Health and Safety Code,
Section 42.016**

**Health and Human Services
Commission**

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Executive Summary

The *Kidney Health Care Program Report* for fiscal year 2020 is submitted in compliance with Texas Health and Safety Code, Section 42.016.

The Kidney Health Care (KHC) program provides limited benefits to eligible clients with end-stage renal disease (ESRD) to assist with medical expenses directly resulting from ESRD care and treatment. Benefits may include medical treatments such as dialysis, financial assistance with transportation, approved medications, and the payment of premiums in some instances.

Notable financial findings for fiscal year 2020 include:

- Program expenditures for client services totaled approximately \$10.51 million, to include \$6.29 million in general revenue and \$3.32 million in rebates¹ from drug manufacturers.
- Program expenditures for active clients receiving one or more benefits averaged \$602 pre-rebate and \$412 post-rebate annually.

Notable client findings for fiscal year 2020 include:

- Out of the 22,185 active clients enrolled in the program, there were 17,453 clients receiving one or more program benefits and 4,732 clients who did not receive any program benefits in fiscal year 2020.
- The largest demographic of clients receiving one or more benefits self-identified as Hispanic, accounting for a total of 10,460, or 47 percent.
- Demographics remain consistent with the previous fiscal year across age, race, and gender, often varying by less than one percentage point. In contrast, the percentage of clients with incomes under \$20,000 increased by 13 percent from fiscal year 2019, with 15,687, or 71 percent, of clients in this income category in fiscal year 2020. All other income categories experienced a slight decrease in number of clients.
- There was a 17 percent decrease in newly approved clients from 2,612 clients in fiscal year 2019 to 2,157 clients in fiscal year 2020. This may be due in part to barriers in completing the program application during the

¹ In accordance with 2020-21 General Appropriations Act, 86th Legislature, Regular Session 2019 (Article II, Health and Human Services Commission, Rider 119), rebates earned from drug manufacturers are used to supplement the state general revenue appropriated funds to continue reimbursement for the program's client services needs through the fiscal year. Program collected approximately \$3.32 million in rebates from drug manufacturers. Program was able to use rebate funds to offset KHC program expenditures for prescription drugs.

COVID-19 pandemic. ESRD facilities were operational during the pandemic, and Health and Human Services Commission (HHSC) staff continued to process applications as they were received.

1. Introduction

Section 42.016 requires HHSC to submit a report annually, by February 1, to the Governor. The report must include HHSC's findings, progress, and activities under Health and Safety Code, Chapter 42, and HHSC's total need in the field of kidney health care.

2. Background

The KHC program provides limited benefits to people with ESRD. ESRD usually follows years of chronic kidney disease caused by inherited or acquired medical conditions such as diabetes, hypertension, or renal injury. ESRD is permanent and irreversible, and people with ESRD need renal replacement therapy (renal dialysis or transplantation) to live.

The KHC program was established by the Texas Legislature to address gaps in the Medicare Chronic Renal Disease (CRD) program created by Congress in 1973. The Medicare CRD program helped reduce costs associated with renal replacement therapy; however, ESRD patients faced significant out-of-pocket costs for treatment, drugs, transportation, and related expenses.

The KHC program helps with these expenses by:

- assisting with treatment and prescription medication costs not covered by Medicare, including during the pre-Medicare period;²
- assisting with costs related to Medicare prescription drug deductibles, co-insurance amounts, premium payment assistance, and Part D “gap” expenditures;³ and
- assisting with transportation costs associated with ESRD treatment.⁴

To be eligible for the KHC program, a client must meet program criteria:

- ESRD diagnosis
- regular course of renal dialysis treatments or a kidney transplant
- ineligibility for full Medicaid benefits
- household gross income of less than \$60,000 per year
- Texas residency

² Most ESRD patients are required to wait three months after beginning dialysis treatment for Medicare benefits. This is known as the “pre-Medicare period,” and uninsured clients do not receive Medicare benefits during this time. The KHC program can help cover costs during this time.

³ Medicare Part D drug coverage assists with expenses related to prescription medications. There are out-of-pocket costs such as deductibles, co-insurance, and gap amounts. A gap can occur when the client is responsible for a percentage of drug costs up to a certain dollar amount. Once the dollar amount has been met, the client moves into the next Medicare drug benefit level, the catastrophic coverage stage.

⁴ Medicare does not provide reimbursement for transportation.

All data and statistics for KHC client demographics is from the Texas Integrated Business Information System.⁵

⁵ Annual Reports, fiscal year 2020, Texas Integrated Business Information System as of August 31, 2020, accessed on November 10, 2020.

3. Demographics

KHC program demographics for fiscal year 2020 active clients are provided in Tables 1 through 4 below. Active clients are clients who completed a KHC program application for benefits, have met all eligibility criteria, and have been approved by the program to receive benefits. Not all active clients will receive program benefits.

The tables show that, as of August 31, 2020, the KHC program had 22,185 active clients, and the majority were 55-64 years old, Hispanic, and had gross annual incomes below \$20,000.

The total number of active clients does not represent the total number of clients receiving one or more program benefits. The total number of clients receiving one or more program benefits in fiscal year 2020 was 17,453. The total number of new clients who completed a KHC program application for benefits, met all eligibility criteria, and were approved to receive benefits was 2,157.

Table 1. Age of Active Clients - Fiscal Year 2020

Age	Number	Percent
0-19	11	0.05%
20-34	878	3.96%
35-44	2,452	11.05%
45-54	4,959	22.35%
55-64	7,002	31.56%
65-74	5,137	23.16%
75 and up	1,746	7.87%
Total	22,185	100%

Table 2. Gender of Active Clients - Fiscal Year 2020

Gender	Number	Percent
Female	8,959	40.38%
Male	13,226	59.62%
Total	22,185	100%

Table 3. Race/Ethnicity of Active Clients - Fiscal Year 2020

Race/Ethnicity	Number	Percent
African American	5,995	27.02%
Hispanic	10,460	47.15%
White	5,131	23.13%
Other ⁶	599	2.7%
Total	22,185	100%

Table 4. Gross Annual Income of Active Clients - Fiscal Year 2020

Gross Annual Income	Number	Percent
Under \$20,000	15,687	70.71%
\$20,000-\$29,999	2,957	13.33%
\$30,000-\$39,999	1,744	7.86%

⁶ "Other" ethnic category includes Asian, American Indian/Alaskan Native, and Pacific Islander.

Gross Annual Income	Number	Percent
\$40,000-\$49,999	1,148	5.17%
\$50,000-\$59,999	649	2.93%
Total	22,185	100%

4. Expenditures and Benefits

The receipt of KHC program benefits is dependent upon each client's treatment status and eligibility for benefits from other programs and coverage, such as Medicare, Medicaid, or private insurance. Benefits are also subject to state budget appropriations and reimbursement rates established by HHSC. Benefits are discussed in more detail below.

As of August 31, 2020, a total of 17,453 clients received one or more benefits for fiscal year 2020. Table 5 includes a breakdown of annual costs by benefit type and includes average cost per client and total average cost.⁷

Table 5. Annual Cost by Benefit - Fiscal Year 2020

Benefit	Number of Clients⁸	Average Cost Per Client Pre-rebate	Average Cost per Client Post-Rebate⁹	Total Cost Pre-Rebate	Total Cost Post-Rebate
Prescription Drug	4,410	\$1,015	\$262	\$4,474,602	\$1,156,705
Transportation	13,752	\$277	\$277	\$3,815,477	\$3,815,477
Medicare Part D Premium Assistance	7,664	\$225	\$225	\$1,726,675	\$1,726,675
Medical	88	\$5,662	\$5,662	\$498,232	\$498,232

⁷ Expenditure data represents only clients that have received one or more program benefit and for whom claims have been paid.

⁸ The total number of clients represents the number of clients who received a benefit in the associated category in fiscal year 2020.

⁹ The average cost per client post-rebate is calculated after applying \$3.32 million in rebates from drug manufacturers.

Benefit	Number of Clients⁸	Average Cost Per Client Pre-rebate	Average Cost per Client Post-Rebate⁹	Total Cost Pre-Rebate	Total Cost Post-Rebate
Total	17,453¹⁰	\$602	\$412	\$10,514,986	\$7,197,089

Prescription Drug Benefits

Table 5 shows 4,410 KHC program clients received prescription drug benefits at an average annual pre-rebate cost per client served of \$1,015.

The KHC program prescription drug benefit is available to clients who are not eligible for drug coverage under a private/group health insurance plan or not receiving Medicaid prescription drug benefits. Through this benefit, clients can receive up to four prescriptions per month. Each prescribed drug must be included in the KHC program drug formulary (i.e. list of covered drugs), requires a \$6 co-pay, and must be obtained from one of 5,573 participating pharmacies.

In fiscal year 2020, 4,410 clients received prescription drug benefits. The drug benefit is available to KHC program clients prior to becoming eligible for Medicare and enrolled in a Medicare drug plan, or to those who are not eligible for Medicare benefits. The benefits include coverage of immunosuppressive drugs for kidney transplant clients whose Medicare coverage ends 36 months post-transplant.

Medicare Coordination of Drug Benefits

For clients to have Medicare drug benefits coordinated with the KHC program, they must be enrolled in a Medicare plan that provides prescription drug coverage. The pharmacy bills Medicare first, and any co-insurance or copay that Medicare requires the client to pay will be paid by KHC. The client will have no out-of-pocket costs on these coordinated claims.

In fiscal year 2020, 16,028 KHC clients were eligible for coordinated prescription drug benefits. Of this total, 10,876 were enrolled with a stand-alone Part D drug plan, and 5,152 were enrolled with a Medicare Advantage (Part C) plan.

¹⁰ The total is less than the sum of the client counts due to some clients having received benefits in more than one category.

Medicare Part B Immunosuppressive Drugs

The KHC program is the secondary payer of immunosuppressive drugs for kidney transplant patients when Medicare is the primary payer. This means that KHC pays the Medicare copayment for the client so that the client has no out-of-pocket expenses. This benefit is included as part of the four drugs maximum from the KHC program drug formulary per client per month.

Premium Assistance

The KHC program pays Medicare Parts A and B premiums for clients who are eligible to purchase this coverage according to Medicare's criteria, not eligible for "premium free" Medicare Part A (hospital) insurance under the Social Security Administration (SSA), and not eligible for Medicaid payment of Medicare premiums.

Transportation

Table 5 shows 13,752 KHC program clients received a travel benefit for an average cost per client of \$277 per year. Clients eligible for travel benefits are reimbursed at 13 cents per mile, round-trip. The number of allowable trips taken per month to receive ESRD treatment is based on the client's treatment status. The maximum monthly reimbursement is \$200. Clients eligible for transportation benefits under the Medicaid Medical Transportation Program are not eligible to receive KHC program transportation benefits.

Medicare Subsidy Assistance

KHC program clients must apply for federal assistance to be eligible for premium assistance and prescription drug benefits. Federal assistance includes the Medicare Part D stand-alone drug plans, Medicare Part C Advantage plans, or SSA subsidies. In fiscal year 2020, 10,876 clients were enrolled in the Medicare Part D stand-alone drug plan, and 37 percent of these enrollees received a subsidy. Clients enrolled in a Medicare Advantage plan totaled 5,152, and 36 percent received a subsidy.

Table 5 shows 7,664 clients received Part D premium payment assistance at an average annual cost of \$225. The KHC program executed agreements with 8 of the 11 stand-alone Medicare Part D plan providers in Texas to pay premiums directly to providers on behalf of program clients. Premium benefit limits are capped at a maximum of \$35 per month per client, less any Medicare subsidies.

Medical Services

Table 5 shows 88 clients received a medical benefit for an average cost per client of \$5,662 per year. The program provides limited payment for ESRD-related medical services. Allowable services include inpatient and outpatient dialysis treatments and medical services required for access surgery, including hospital, surgeon, assistant surgeon, and anesthesiology charges.

Dialysis

The KHC program covers up to 14 dialysis treatments per month for each eligible client, at a flat rate of \$130.69 per treatment. The KHC program has open-enrollment, fee-for-service contracts with 724 dialysis facilities. Dialysis treatment is provided to clients during the pre-Medicare qualifying period.

Access Surgery

The KHC program will cover the cost of access surgery for eligible clients. These costs can be covered retroactively, up to 180 days before the date of KHC program eligibility. Access surgery is a procedure to create or maintain the access site necessary for dialysis. Access surgery and vein mapping for dialysis are typically done before the client qualifies for Medicare benefits.

5. Conclusion

In fiscal year 2020, KHC program expenditures for client services totaled approximately \$10.51 million. This represents a decline in expenditures of \$300,000 compared with fiscal year 2019. Although roughly the same number of clients received one or more program benefits in fiscal year 2020 as compared with fiscal year 2019, there was a decline in individual benefit type utilization in two benefit categories: transportation and medical services. Additionally, as referenced earlier in this report, there was a significant increase in clients whose income was less than \$20,000 annually, growing from 4,449 clients in fiscal year 2019 to 15,687 in fiscal year 2020.

HHSC is committed to serving KHC program clients and will continue to refine program practices to ensure continual improvements in program delivery.

List of Acronyms

Acronym	Full Name
CRD	Chronic Renal Disease
ESRD	End-stage Renal Disease
HHSC	Health and Human Services Commission
KHC	Kidney Health Care
SSA	Social Security Administration