

Kidney Health Care

Recipient Handbook

This booklet has been developed to introduce newly approved recipients to the Kidney Health Care (KHC) Program, which is administered by the Purchased Health Services Unit of the Department of State Health Services. It includes information on the benefits covered by the KHC Program, claims, and policy information. Also included in this booklet are additional resources on end-stage renal disease, and a list of frequently used acronyms and terms.

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What is the Kidney Health Care Program?

In April of 1973, the Kidney Health Care Act established the Kidney Health Care (KHC) Program under the Texas Department of Health. This law allows State funds and resources to be used for the care and treatment of persons suffering from chronic kidney failure, also known as end-stage renal disease (ESRD). In so doing, the Legislature realized the State's "responsibility to allow its citizens to remain healthy without being pauperized . . ." by the extremely expensive treatment which is necessary for those suffering from this disease.

The impact and cost of ESRD on Texans can be 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 any coverage for most travel expenses associated with the treatment of ESRD. The KHC Program became operational in September of 1973 under the administration of the Texas Department of Health. The primary purpose of the program is to "direct the use of resources and to coordinate the efforts of the State in this vital matter of public health."

Program Benefits

Benefits available to qualified recipients include standard KHC Program drug coverage, coordination of benefits for the Medicare Part D Prescription Drug Program, co-insurance for immunosuppressive drugs, travel, and medical benefits. Program benefits are paid only after all other third-party payors have met their liability.

Medical Benefits

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

These services are provided to eligible recipients during the Medicare qualifying period, (normally a three month period following the initiation of chronic dialysis treatments), or to recipients who can document that they are not eligible to receive Medicare or Medicaid benefits.



Medical claims must be submitted by the service provider. If you are eligible to receive medical benefits, please take your Notice of Eligibility to your dialysis provider and to your access surgery provider for billing and payment of allowable medical charges.

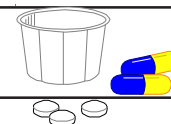
Access Surgery

Access surgery, which is necessary for the maintenance of dialysis treatments, is available to eligible program recipients. Access surgery benefits are payable only if the services were performed on or after the date Texas residency was established and not more than 180 days prior to the recipient's KHC Program eligibility effective date.

Medicare Premium Payment

The KHC Program will pay the premium for Medicare Parts A and B on behalf of KHC recipients who are not eligible for "premium free" Medicare Part A (hospital) insurance under the Social Security system and who are not eligible for Medicaid payment of Medicare premiums. Please call KHC to verify that you are eligible for this benefit before submitting a premium to KHC.

Drug Benefits



The standard KHC Program drug benefit is available to all eligible program recipients, **except for:**

- 1) those receiving full-Medicaid prescription drug benefits, and
 - 2) those with drug coverage through a private/group health insurance plan (unless the recipient has exhausted drug coverage under a private/group health insurance plan).
- ◆ KHC standard drug coverage is limited to four prescriptions per month. All prescriptions (including Immunosuppressive drugs) are limited to a 34 days supply, and include a \$6 co-pay per drug product purchased.
 - ◆ KHC allowable drug products are listed on the KHC Reimbursable Drug List and are included on the Texas Drug Code Index (TDCI).
 - ◆ Recipients are required to obtain their medications from a KHC Participating Pharmacy.
 - ◆ On May 1, 2006, standard drug coverage with the KHC Program will change for most program recipients. Please refer to page four (4) about Medicare Part D Drug Benefits and important changes that may affect you.



Medicare Part D and KHC Drug Benefits

On May 1, 2006, the new Medicare prescription drug program (Medicare Part D) will become the primary source for prescription drugs for Medicare-eligible recipients on the KHC Program.

What Does This Mean for Me?

- ◆ The first thing to do when you become a KHC program recipient is to apply for "extra help" through the Social Security Administration for assistance with Medicare Part D drug costs. Your social worker can help you with this.
- ◆ When you get your "extra help" approval or denial letter from Social Security, take it to your social worker.
- ◆ During your three-month qualifying period for Medicare, you will receive the standard KHC drug benefit. When you are approved for Medicare, you must then select and enroll in a Medicare Part D prescription drug plan. Your standard KHC drug coverage will end three months after your Medicare effective date, or when you become enrolled in Medicare Part D, whichever comes first.
- ◆ If you already have Medicare, you will need to select and enroll in a Medicare Part D drug plan. You will receive the standard KHC drug benefit for three months from your KHC eligibility effective date, or until you become enrolled in Medicare Part D, whichever comes first.
- ◆ If you apply and are denied Medicare Parts A and B, please take your denial letter to your social worker. If you are not eligible for Medicare, you will receive the standard KHC Program drug benefit. KHC will cover four ESRD drugs per month, with a 34 days supply, and \$6.00 co-pay per prescription.
- ◆ Depending on the level of "extra help" you receive from the Social Security Administration, KHC will provide limited assistance for Medicare prescription drug premiums, deductibles, co-insurance amounts, and coverage during the gap period.
- ◆ KHC will assist eligible Medicare Part D recipients with premium payments, less any SSA subsidy assistance, up to a maximum allowable amount of \$35.00 per month.

Medicare Part D and KHC Drug Benefits

The following is a list of important things to keep in mind about KHC and Medicare Part D drug coverage.

- ◆ Your KHC program drug coverage under Medicare Part D is still limited to four prescriptions per month. These drugs must be on both the KHC formulary and the prescription drug plan's formulary. KHC will provide limited assistance for Medicare prescription drug premiums, deductibles, co-insurance amounts, and coverage during the gap period.
- ◆ KHC will cover Medicare excluded drugs (such as vitamins and over-the-counter drugs). A \$6.00 KHC co-pay will be applied to these medications.
- ◆ The KHC Program cannot provide assistance for recipients who enroll in a Medicare Advantage plan.
- ◆ If the recipient is not eligible for Medicare, the standard drug benefit with KHC will remain the same. When the recipient becomes eligible for Medicare, he/she will need to enroll in a Medicare Rx prescription drug plan.
- ◆ The KHC Program cannot provide assistance to recipients with private drug insurance.
- ◆ If a recipient has private drug insurance, contact the insurance company to see how the recipient's current drug insurance compares with the new Medicare prescription drug plans. Please note, KHC Program standard drug coverage is not as good as Medicare Part D coverage.
- ◆ Immunosuppressive medications (ISDs) for transplant recipients will continue to be covered under Medicare Part B. KHC will cover the 20% co-insurance for ISDs for transplant recipients if the recipient does not have supplemental coverage. This assistance will count towards the monthly 4 prescription limits provided by KHC.
- ◆ All KHC Program assistance depends upon the availability of funding.

Non Creditable Coverage Notice

Important Notice About Your Kidney Health Care Program Prescription Drug Coverage and Medicare

Please read this notice carefully, and keep it where you can find it. This notice has information about your standard prescription drug coverage with the Kidney Health Care (KHC) Program and new prescription drug coverage available for all people with Medicare.

The KHC Program has determined that the standard prescription drug coverage offered through the KHC Program is, on average, for all recipients, NOT expected to pay out as much as the standard Medicare prescription drug basic-level plan will pay.

If you have private insurance, contact your insurance company to see how your insurance coverage compares with the new Medicare Part D drug plans.

Please note, you may receive this notice at other times in the future, such as before the next time period you can enroll in Medicare prescription drug coverage, or if this coverage changes. You may also request a copy of this notice.

For more information about Medicare prescription drug coverage, please see:

- www.Medicare.gov
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- Talk to your dialysis or transplant social worker.

Travel



Travel benefits are provided to eligible KHC Program recipients who are not eligible for Medicaid Medical Transportation benefits. Travel that is provided free to recipients by other agencies or services is not covered by KHC.

Travel benefits are determined and paid according to the recipient's treatment status at the time each trip is taken. A recipient may be eligible for both in-center dialysis travel benefits and either home dialysis or transplant travel benefits during the same month if a change is made in the treatment modality.

IN-CENTER DIALYSIS recipients may be reimbursed a maximum of 13 round trips per month. Travel benefits are based on the recipient's established round trip mileage (RTM) to and from the dialysis facility and the number of allowable round trips taken to receive dialysis treatment. Newly approved in-center recipients will begin receiving travel benefits on the 1st day of the month following their KHC eligibility effective date.

HOME DIALYSIS AND TRANSPLANT recipients may be paid up to 4 round trips per month. Travel must be for kidney-related medical services rendered to the recipient. Allowable travel may include: access surgery, access complications, home dialysis training, kidney-related lab work and X-rays, Nephrologist visits, peritoneal dialysis support, transplant surgery and follow-up. Travel to pick-up medications or medical supplies is not covered.

Travel payments may not exceed the maximum allowable round trip mileage (RTM) established by KHC:

- ◆ For travel between cities, the maximum allowable RTM is the measured round trip distance from the recipient's city of residence to the city of their medical facility. The primary map source is the **Comptroller State Mileage Guide**.
- ◆ For travel within the same city, the maximum allowable RTM is the measured round trip distance from the street address of the recipient's residence to the street address of their medical facility. The round trip mileage may not exceed the mileage cap established for that city. The primary map sources (in the order of use) are **Yahoo** and **MapQuest**.

The travel payment may not exceed \$200 per month, per recipient.

The current reimbursement rate is .13 cents per mile. This rate is subject to change as program budget limitations allow.

KHC Identification Number

This is a unique nine digit number that is issued to KHC Program recipients and is on the KHC Program Notice of Eligibility. Recipients should use this number when inquiring about benefits and when submitting claims.

Effective Date of Eligibility

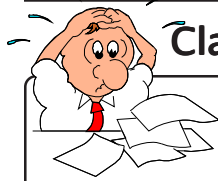
- ◆ The KHC Program eligibility date is the date the KHC Program receives a complete application.

Termination of Benefits

KHC Program benefits may be terminated for any of the following reasons:

1. Failure to maintain Texas residency
2. Failure to provide income data as requested by KHC
3. Failure to reimburse the department (as requested) for overpayments
4. Failure to apply for Medicaid if the recipient meets Medicaid eligibility requirements
5. Failure to inform the KHC Program within 30 days of the following changes:
 - ◆ permanent home address
 - ◆ treatment status
 - ◆ insurance coverage
 - ◆ location of treatment
 - ◆ round trip mileage to treatment location
 - ◆ changes in income or financial qualifications affecting the recipient's eligibility
6. Recipient becomes incarcerated in a city, county, state or federal jail or prison
7. Recipient regains kidney function or voluntarily stops treatment for ESRD
8. Recipient becomes a ward of the state
9. The KHC Program determines the application (or supporting documents) contains material misstatements or misrepresentations
10. The KHC Program determines the recipient has submitted false claims
11. Claims for benefits on behalf of the recipients have not been submitted for twelve consecutive months
12. Recipient becomes eligible for drug, transportation, and medical benefits under the Medicaid Program

Claims



Claims submission

How a claim is submitted depends on the type of claim.

Drug Benefits

KHC recipients can go to any KHC Program Participating Pharmacy to get their medications. The pharmacy submits the claim electronically to KHC for payment through the HHSC's contracted pharmacy provider, First Health Claim Processing System. Most pharmacies in the state have an agreement with KHC to provide drug services to recipients. Please ask your current pharmacy if they are a KHC Participating Pharmacy. If they are not, please call the KHC Program to get a listing of KHC participating pharmacies.

Travel Benefits

In-Center dialysis recipients do not submit travel claims. Travel benefits are processed monthly based on the established RTM on record, the treatment status effective the first day of the month, and the number of round trips taken for treatment each month. In-center dialysis patients will begin receiving travel benefits on the 1st day of the month following their KHC eligibility effective date. Your dialysis Social Worker receives a monthly travel report on which they indicate the number of trips you have taken to receive dialysis treatment. Please make sure to report the number of trips you take each month to your Social Worker. This report is used to determine your travel benefits at the end of the month. You should expect payment within 2-3 weeks following the month claimed. KHC does not cover travel that is provided free to you by other agencies or services.

Home Dialysis & Transplant recipients submit travel claims to KHC on a KHC travel claim form. Travel claims must be received by KHC the later of:

- 1) 95 days from the last day of the month in which services were provided; or
- 2) 60 days from the date on the KHC Notice of Eligibility.

The travel claim form and instructions for home dialysis and transplant recipients is available from the Information Resource Specialists at 1-800-222-3986.

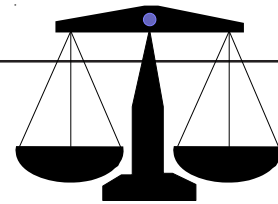
Medical Benefits

Medical claims must be submitted by the provider. If you are eligible to receive medical benefits, please take your Notice of Eligibility to your dialysis and access surgery providers for billing and payment of allowable medical charges.

Reconsideration & Fair Hearing

Recipient's Rights

KHC recipients have the right to request a Administrative Review and Fair Hearing for any decision KHC has made regarding benefits, eligibility and claims.



To request an Administrative Review

If for any reason, a recipient's benefits have been modified or terminated by Kidney Health Care (see page 8...*Termination of Benefits*), he/she will receive a notice of intent to take action. The notice of intent to take action will include the action KHC intends to take, an explanation of the reasons for the action and an explanation of the recipient's right to request an administrative review.

The notice will also include the procedure by which a recipient may request an administrative review, including the address where written requests should be submitted and the phone number to call to request assistance for an administrative review. The notice will also state that the request for administrative review must be made within 20 days of the date of the notice and that failure to do so will mean that the right to an administrative review and fair hearing will be waived and the action will become final. When an administrative review has been requested within the allowed time, KHC will have 10 days to review the action and make a decision. If it is decided the request for administrative review is not approved and that an action will be taken, the recipient will be notified of their right to a fair hearing.

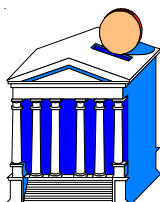
To request a Fair Hearing

If KHC does not approve a recipient's request after an administrative review, then he/she will receive a written notice of their right to a fair hearing. The right to a fair hearing notice will include the action KHC intends to take, an explanation of the reasons for the action, and an explanation of the recipient's right to request a fair hearing. The notice will include the procedure by which a recipient may request a fair hearing, including the address where the written request should be submitted. The notice will also state that the request for a fair hearing must be made within 20 days of the date of the notice and that failure to do so will mean the right to a fair hearing will be waived and the action will become final.

KHC Policy Information

Direct Deposit

Direct deposit is the means by which your benefit payment is electronically deposited into your bank account. It's the fastest and most convenient form of payment. To enroll, you and your financial institution must complete the direct deposit form and return the signed original to Kidney Health Care (Mail Code 1938), P.O. Box 149347, Austin, Texas 78714-9347. Direct deposit forms are available by contacting one of KHC's Information Resource Specialists at 1-800-222-3986.



Travel Record Audit

KHC will periodically audit travel records including RTMs and the number of trips claimed. You should review your Explanation of Benefits (EOB) upon receipt. When you accept payment for travel, you acknowledge that the information the payment is based on is correct and that you are liable for any overpayments. Hemodialysis patients, please be sure to report the correct number of trips you take per month to receive dialysis to your Social Worker.

Other coverage

Benefits available to KHC recipients are dependent on treatment status and eligibility for benefits from other programs such as Medicare, Medicaid or private insurance. Kidney Health Care is the payor of last resort. KHC benefits are paid only after all other third-party payors have met their liability. Contact your Social Worker or call KHC for more information about specific coverage.

Change in treatment status?

When a recipient's treatment status changes, KHC must be notified within 30 days of the change. Failure to do so could result in modification or termination of benefits or denial of the claim. Either you or your Social Worker can notify one of the Information Resource Specialists or a Customer Service Eligibility Specialist of the change, in writing or by phone, at 1-800-222-3986.



Moving?

Kidney Health Care must be notified when a recipient moves. Even if a change of address has been filed with the Post Office, any delay in notifying KHC of the new address could result in checks being mailed to the wrong address. A change in address can also affect travel benefits.

Acronyms

ASKIT – Automated System for Kidney Information Tracking – Kidney Health Care's automated claims and eligibility computer system.

CMS – Centers for Medicare and Medicaid Services – The federal agency that oversees the management and operation of Medicare and Medicaid.

DSHS – Department of State Health Services

ESRD – End-stage renal disease. The irreversible loss of kidney function.

KHC – Kidney Health Care

PHSU – Purchased Health Services Unit

VDP – Vendor Drug Program. The Health and Human Services Commission program that oversees the designated claims contractor (First Health) that processes drug claims for the Medicaid, Children with Special Health Care Needs Services Program (CSHCN), Children's Health Insurance Program (CHIP), and Kidney Health Care Programs.

Medicare Part D Frequently Used Terms

Monthly premium – the monthly amount charged by plans for Medicare Rx membership.

Annual deductible – the amount you have to pay each year before the plan begins to pay for your prescriptions.

Co-insurances – a percent of the cost of prescriptions that you pay after your annual deductible has been met.

Co-payment – a small dollar fee for each prescription that must be paid by the recipient.

Gap – a period of time when there is no Medicare payment for drug costs and the patient is 100% responsible.

Catastrophic limit –when you have reached a certain level of out-of-pocket expenses, Medicare Rx will pay for 95% of your drug costs.

Excluded Drugs – drugs that are not covered by the Medicare Part D prescription drug program.