Kidney Health Care Program
Fiscal Year 2015 Annual Report

As Required By
Texas Health and Safety Code, Chapter 42

Department of State Health Services
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Executive Summary

The Kidney Health Care Act (Article 4470-20, Vernon's Texas Civil Statutes) authorized the creation of the Kidney Health Care (KHC) Program (program) in September 1973 at the Texas Department of Health, a legacy agency of the Department of State Health Services (DSHS). The KHC Program statute was later codified as Chapter 42 of the Texas Health and Safety Code.

Section 42.003 of the statute establishes the program for purposes of carrying out the requirements of the chapter and allows the department to develop and expand programs for the care and treatment of persons with end stage renal disease (ESRD), including dialysis and other lifesaving medical procedures. The KHC Program provides limited benefits to eligible clients, such as payment for medical expenses incurred as a direct result of ESRD treatment (dialysis treatment and access surgery), transportation, allowable drugs, and assistance with premium payments in certain instances. This report outlines the annual accomplishments of the KHC Program for fiscal year 2015.

In fiscal year 2015, the KHC Program had 20,321 active clients. Although clients are active and eligible for benefits, not all clients submit claims for benefits. As of November 30, 2015, 19,701 clients received one or more benefits for fiscal year 2015, which includes medical services, drugs, and transportation. Program expenditures for client services totaled approximately $17.2 million. Medical services accounted for $1.3 million (8 percent) of expenditures, with an average client cost of $3,582. Travel services accounted for $4.4 million (25 percent) of expenditures, with an average client cost of $273. Drug expenditures accounted for $9.8 million (57 percent) of client service expenditures, with an average client cost of $1,475. Of the remaining fiscal year 2015 client expenditures, Part D Premiums accounted for $1.7 million (10 percent) of expenditures, with an average client cost of $207.

Introduction

This annual report is submitted in compliance with Texas Health and Safety Code, §42.016, which requires that DSHS report to the governor and the legislature not later than February 1 of each year its findings, progress, and activities under this chapter and the state's total need in the field of kidney health care. The KHC Program provides eligible clients with access to dialysis services and other medical procedures, program approved drugs, and transportation reimbursement. The program also assists with insurance premium reimbursement. This report will focus on program activities including demographics and expenditures of the client population.

Background

End-stage renal disease usually follows years of chronic kidney disease caused by inherited or acquired medical conditions like diabetes and/or hypertension, or renal injury. It is a permanent and irreversible disease state that requires the use of renal replacement therapy (renal dialysis or transplantation) to maintain life.

Before the U.S. Congress created the Medicare Chronic Renal Disease (CRD) Program in 1973, persons suffering from ESRD had limited resources available for paying the expenses associated with renal replacement therapy. Because of this, many did not get treatment and died as a result. Even with the inception of the CRD Program, Medicare did not fully cover all medical expenses for ESRD patients. To help ease the financial strain on persons with ESRD, the Texas Legislature created the KHC Program. The primary purpose of the KHC Program, according to the statute, was to "direct the use of resources and to coordinate the efforts of the state in this vital matter of public health."[1]

The Medicare CRD Program covers allowable medical and related costs for dialysis and transplant patients who are enrolled in Medicare. Although this coverage has made treatment more accessible for ESRD patients, these patients still have significant out-of-pocket costs for ESRD treatment, drugs, travel, and related expenses. Most ESRD patients do not receive any ESRD benefit from Medicare until three months after the initiation of dialysis treatment. While the Medicare Part D drug coverage helps with some expenses, the KHC Program drug benefit assists with costs for Medicare Part D deductibles, co-insurance amounts, and Part D "gap" expenditures, also known as the "donut hole." The gap occurs when the client is responsible for 100 percent of their drug costs up to a certain dollar amount. Once that dollar limit has been met, the client moves into the next Medicare drug benefit level. Further, Medicare does not provide reimbursement for travel associated with ESRD treatment. For rural residents in Texas with ESRD, travel to receive ESRD treatment can be a financial burden.

[1] Texas Health and Safety Code, Chapter 42, Section 42.001, Subsection c.

Program Demographics

Active Clients

The program defines an active client as anyone that is eligible to receive a KHC benefit; program eligibility criteria can be found in Appendix 1. As of August 31, 2015, the KHC Program had 20,321 active clients.[2] Clients aged 45-74 years account for 75 percent of all active clients. Hispanics represent 45 percent, the majority, of the client population. The proportion of African-American clients is 28.8 percent. Socioeconomic data shows that 59.0 percent of clients have gross annual incomes below $20,000. A full demographic representation of the client population in the KHC Program can be found in Appendix 2.

Program Benefit Summary

Specific program benefits are dependent on the applicant's treatment status and eligibility for benefits from other programs and coverage such as Medicare, Medicaid, or private insurance. Program benefits are subject to state budget limitations and to the reimbursement rates established by DSHS. The benefits can include payment for allowable drugs, transportation, medical expenses incurred as a direct result of ESRD treatment (dialysis treatment and access surgery), and assistance with premium payments in certain instances. As of November 30, 19,701 clients received one or more benefits for fiscal year 2015.

Table 1. Annual Cost by Benefit

Benefit	Number of Clients	Average Annual Cost	Total Annual Cost
Medical	372	$3,582	$1.3 M
Transportation	16,055	$273	$4.4 M
Prescription Drug	6,615	$1,475	$9.8 M
Medicare Part D Premium Assistance	8,392	$207	$1.7 M

Medical Services

In fiscal year 2015, there were 372 KHC Program clients[3] who received a medical benefit for an average cost per client of $3,582 per year.[4] The KHC Program provides limited payment for ESRD-related medical services. Allowable services are inpatient and outpatient dialysis treatments and medical services required for access surgery, including hospital, surgeon, assistant surgeon, and anesthesiology charges.

[2] Texas Department of State Health Services, ASKIT Public Reports, Actives, FY 2015, Actives as of August 31, 2015, accessed on December 1, 2015.
[3] Texas Department of State Health Services, ASKIT Public Reports, Annual Reports, Actives, FY 2015 Actives as of August 31, 2015, accessed on December 1, 2015.
[4] Texas Department of State Health Services, FY 2015 Client Services Expenditures, HHSAS, as of August 31, 2015, for claims processed by December 2, 2015.

Dialysis treatment is provided to clients during the pre-Medicare qualifying period. A maximum number of 14 treatments per month are covered for each client at a flat rate of $130.69 per treatment. The KHC Program has open-enrollment, fee-for-service contracts with 533 dialysis facilities.

Access surgery is defined as the "surgical procedure which creates or maintains the access site necessary to perform dialysis."[5] Access surgery along with vein mapping for the initiation of dialysis typically is done before the patient qualifies for ESRD Medicare benefits. Access surgery can be covered retroactively up to 180 days before the date of KHC Program eligibility.

The KHC Program pays Medicare Parts A and B premiums on behalf of program clients 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.

Transportation

In fiscal year 2015, there were 16,055 KHC Program clients[6] who received a travel benefit for an average cost per client of $273 per year.[7] Clients eligible for travel benefits are reimbursed at 13 cents per mile round-trip, based on the client's treatment status and the number of allowable trips taken per month to receive ESRD treatment. 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.

Prescription Drug Benefits

In fiscal year 2015, 6,615 KHC Program clients[8] received prescription drug benefits, not including prescription drug premium payments, at an average annual cost per client of $1,475.[9] The average cost per client decreased by $17 between fiscal years 2014 and 2015. This can be attributed to a decrease in the cost of drugs used by program clients.

The KHC Program drug benefit is available to clients who are not eligible for drug coverage under a private/group health insurance plan or those not receiving full Medicaid prescription drug benefits. This benefit is limited to four prescriptions per month and to KHC Program reimbursable drugs. The program manages the formulary (the list of covered drugs) and each drug has a $6 co-pay. Clients must obtain their medication from a program participating pharmacy.

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[5] Texas Administrative Code, Title 25, Part 1, Chapter 61, Subchapter A, Section 61.1 (b) (1).
[6] Texas Department of State Health Services, ASKIT Public Reports, Actives, FY 2015 Actives as of August 31, 2015, accessed on December 1, 2015.
[7] Texas Department of State Health Services, FY 2015 Client Services Expenditures, HHSAS, as of August 31, 2015, for claims processed by December 2, 2015.
[8] Texas Department of State Health Services, ASKIT, FY 2015, Claims as of August 31, 2015, accessed on December 1, 2015.
[9] Texas Department of State Health Services, FY 2015 Client Services Expenditures, HHSAS, as of August 31, 2015, for claims processed by December 2, 2015.

Standard Drug Benefit
The standard drug benefit is available to KHC Program clients prior to becoming eligible for Medicare and enrolled in a Part D drug plan, or to those who are not eligible for Medicare benefits. The benefits also include coverage of immunosuppressive drugs for kidney transplant clients whose Medicare coverage ends 36 months post-transplant.

Medicare Part D Coordination of Benefits
The KHC Program assists with drug costs for Medicare Part D deductibles and co-insurance amounts, and Part D "gap" drug expenditures. This benefit is limited to those drugs on the Medicare Part D prescription drug plan formulary that are on the KHC Program reimbursable drug list. Coverage is limited to four drugs per month.

The KHC Program also provides coverage for pharmaceutical products excluded from Medicare Part D, such as over-the-counter drugs and vitamins. In order for clients to have Medicare Part D benefits coordinated by the KHC Program, they must be enrolled in a Texas Stand-alone drug plan which provides prescription drug coverage and no other services.

Medicare Part B Immunosuppressive Drugs
The KHC Program is the secondary payer of immunosuppressive drugs for kidney transplant patients when Medicare Part B is the primary payer. This benefit is included as part of the four drugs from the KHC Program drug formulary per client per month.

Medicare Part D Premium Assistance

Medicare Part D Enrollment
There were 17,698 clients enrolled in a Part D Stand-alone drug plan. Of these, 12,385 clients (70 percent) received a subsidy from the Social Security Administration.[10] KHC Program clients are required to enroll with a Medicare Part D drug plan in order to receive program assistance for Part D Premium and drug claims. Clients are also required to apply for Low-Income Subsidy (also known as "extra help," from the Social Security Administration) as a part of their enrollment and ongoing participation with the KHC Program.

Medicare Part D Premium Assistance
There were 8,392 clients[11] who received Part D premium payment assistance at an average annual cost of $207.[12] The KHC Program has executed agreements with most of the Stand-alone Part D plan providers in Texas to pay premiums directly to providers on behalf of the program clients. Premium benefit limits are capped at a maximum of $35 per month per client, less any Medicare subsidies.

[10] Texas Department of State Health Services, Kidney Health Care, Number of Kidney Health Clients Deemed Subsidy, FY 2015, unduplicated client count from CMS enrollment file (Excel), as of August 31, 2015, accessed on December 3, 2015.
[11] Texas Department of State Health Services, ASKIT Public Reports, Annual Reports, Actives as of August 31, 2015, accessed on December 1, 2015.
[12] Texas Department of State Health Services, FY 2015 Client Services Expenditures, HHSAS, as of August 31, 2015, for claims processed by December 2, 2015.

State's Total Need in the Field of Kidney Health Care

Overall Need

Chronic kidney disease (CKD) in Texas has been a public health concern for many decades. The United States Renal Data System (USRDS) is a national data system that collects, analyzes, and distributes information about chronic kidney disease (CKD) and ESRD in the United States. USRDS has created regions by which data is collected; the regions are known as the ESRD Networks. Texas is ESRD Network 14. [13]

In January 2013, the department published the results of a study conducted by Texas Tech University which estimates CKD prevalence in Texas to be 17 percent. Diabetes and hypertension are well established risk factors for CKD and ESRD. Hypertension was the predominant risk factor or co-morbid condition in 35 percent of the study population, followed by obesity at 20 percent and diabetes at 17 percent. Data from the ESRD Network of Texas indicate 53 percent of new cases of ESRD in Texas in 2011 were secondary to diabetes, and another 26 percent were related to hypertension.[14] The department has not conducted any separate scientific investigations related to CKD prevalence in the state.

Economic Burden

The economic burden of caring for clients with ESRD continues to rise because of the numbers of clients affected and the associated costs to treat co-morbid conditions (e.g., hypertension, diabetes) as well as immunosuppressive drugs following kidney transplants. The cost associated with ongoing dialysis treatments is almost $88,000 per patient, per year.[15] Total Medicare expenditures for ESRD reached $33 billion in 2010, more than 6% of the total Medicare budget. [16] CKD cost is expected to reach $51.6 billion in 2020.[17]

Conclusion

The KHC Program addresses a serious public health challenge regarding chronic kidney disease. Medical treatment is critical to supporting individuals with ESRD. The program assists eligible individuals by providing access to dialysis, access surgery, drugs, and helps with insurance premium payment for qualifying plans. Although there are a total of 20,231 clients eligible for the program benefits, during fiscal year 2015, a total of 19,701 clients received one or more

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[13] The United States Renal Data System, "Volume 2 – ESRD" The 2015 Annual Report Chapter 1: Incidence, Prevalence, Patient Characteristics, and Treatment Modalities (Calendar Year 2013 Data) Table 1.1 Adjusted* incidence rate (per million/year) of ESRD in the U.S. population, The United States Renal Data System Web Site: http://www.usrds.org/2015/view/v2_01.aspx.

[14] Department of State Health Services. Addressing Chronic Kidney Disease in Texas, The Report of the Chronic Kidney Disease Task Force, Implementation Update to January 2011 Report, Published April 2013, Accessed January 15, 2016.

[15] http://www.dshs.state.tx.us/kidneyeducation.shtm

[16] Centers for Disease Control and Prevention, Chronic Kidney Disease Initiative, http://www.cdc.gov/diabetes/projects/pdfs/CKD_Factsheet.pdf, 2012.

[17] Texas Renal Coalition Report: Prevalence and Medical Care Cost Associated with Chronic Kidney Disease in Texas, 2011.

benefits, and program expenditures for client services totaled approximately $17.2 million. These are important services considering the economic impact on people with chronic kidney disease, which is estimated to have an economic impact in the United States of $51.6 billion by 2020.

Appendix 1. Program Eligibility

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

- The applicant must have a diagnosis of ESRD.
- The applicant must meet the Medicare criteria for ESRD.
- The applicant must be receiving a regular course of renal dialysis treatments or have received a kidney transplant.
- The applicant must be ineligible for full Medicaid benefits.
- The applicant must have a gross income of less than $60,000 per year.
- The applicant must be a Texas resident and provide proof of residency.
- The applicant must submit an application for benefits through a participating facility.

Appendix 2. Demographic Information

Table 1. Demographic Characteristics of Kidney Health Care Program 2015 Active Clients

Age Group	Active Clients[18]	
	Number	Percent
0-20	21	0.1%
21-34	812	4.0%
35-44	2,346	11.5%
45-54	4,482	22.1%
55-64	6,264	30.8%
65-74	4,585	22.6%
75+	1,811	8.9%
Gender		
Female	8,232	40.5%
Male	12,089	59.5%
Race/Ethnicity		
African-American	5,860	28.8%
Hispanic	9,244	45.5%
White	4,603	22.7%
Other[19]	539	3.0%
Totals	**20,321**	**100%**

Note: Sums of percentages may not be equal to 100% due to rounding.

[18] Texas Department of State Health Services, Public Reports, Annual Reports, FY 2015 Actives, ASKIT as of August 31, 2015, accessed on December 1 , 2015.

[19] The "Other" ethnic category includes Indian, Asian, American Indian/Alaskan Native, and Pacific Islander

Table 2. Gross Annual Income for Kidney Health Care Program 2015 Active Clients

Gross Annual Income	Active Clients[20]	
Under $20,000	11,994	59.0%
$20,000-$29,999	3,915	19.3%
$30,000-$39,999	2,241	11.0%
$40,000-$49,999	1,367	6.7%
$50,000-$59,999	804	4.0%
Totals	**20,321**	**100%**

[20] Texas Department of State Health Services, Public Reports, Annual Reports, FY 2015 Actives, ASKIT as of August 31, 2015, accessed on December 1 , 2015.