

At a Glance

H.R. 5534, Comprehensive Immunosuppressive Drug Coverage for Kidney Transplant Patients Act of 2020

As ordered reported by the House Committee on Energy and Commerce on July 15, 2020

By Fiscal Year, Millions of Dollars	2021	2021-2025	2021-2030
Direct Spending (Outlays)	0	-10	-400
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	-10	-400
Spending Subject to Appropriation (Outlays)	0	0	0
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Create an additional Medicare benefit option, coverage of the cost of immunosuppressive drugs, for kidney transplant patients who have no other health insurance or drug coverage
- Charge beneficiaries a premium for the new drug-only benefit

Estimated budgetary effects would primarily stem from

- Premiums paid by beneficiaries who enroll in the new drug-only coverage
- New spending for prescription drugs for beneficiaries who enroll
- Reduced spending on other Medicare services

Areas of significant uncertainty include

- The number of beneficiaries who would enroll in the new benefit

Detailed estimate begins on the next page.

Bill Summary

H.R. 5334 would create a new, limited benefit under Medicare that would cover a portion of the cost of immunosuppressive drugs for people who have had a kidney transplant but whose post-transplant coverage under Medicare has ended. To be eligible, a beneficiary would need to have no other source of health insurance or drug coverage. Enrollees would pay a premium for the coverage.

Estimated Federal Cost

The estimated budgetary effect of H.R. 5534 is shown in Table 1. The costs of the legislation fall within budget function 570 (Medicare).

Table 1.
Estimated Budgetary Effects of H.R. 5534

	By Fiscal Year, Millions of Dollars										2021-2025	2021-2030
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
	Increases or Decreases (-) in Direct Spending											
Estimated Budget Authority	0	0	10	0	-20	-40	-50	-80	-100	-120	-10	-400
Estimated Outlays	0	0	10	0	-20	-40	-50	-80	-100	-120	-10	-400

Basis of Estimate

Since 1973, a diagnosis of end-stage renal disease (ESRD) has conferred Medicare eligibility on people who do not otherwise meet the program’s age or disability requirements. Patients with ESRD, a condition in which the kidneys stop functioning, typically require a kidney transplant or lifelong dialysis treatments. Transplant patients’ entitlement to Medicare benefits end 36 months after a successful kidney transplant, unless they have otherwise become eligible for the program. Most patients with successful kidney transplants must take immunosuppressive drugs for the rest of their lives to prevent graft failure—rejection of the transplanted organ. If a person with a transplanted kidney experiences graft failure and must return to dialysis, he or she would again become eligible for Medicare.

H.R. 5534 would add a new Medicare coverage option solely to cover immunosuppressive drugs used by kidney transplant patients. Beneficiaries could enroll beginning 36 months after a transplant if they had no other source of health insurance. Enrollees in the new coverage, which would be available January 1, 2023, would pay a monthly premium

equivalent to 35 percent of the actuarial value of the standard Part B benefit.¹ CBO estimates that the monthly premium for the new coverage option would be about \$243 in 2023 and that it would rise to about \$345 in 2030.

CBO analyzed data from many sources and consulted experts, including those from organizations that advocate for people with kidney disease. CBO also reviewed analyses prepared by the Department of Health and Human Services. Those analyses included budgetary estimates of policies to extend coverage of immunosuppressive drugs rather than H.R. 5534 or other specific legislation.²

Using data from the United States Renal Data System, CBO estimates that about 12,000 people would enroll in the new benefit, which would include current and future immunosuppressive drugs covered under Part B. Using information on typical drug regimens for kidney transplant patients, CBO estimates that the annual cost of the drug benefit would be about \$3,100 per patient in 2023 and that it would rise to about \$4,000 in 2030. That growth reflects CBO's projections of growth in drug prices.

Maintaining a healthy transplanted kidney can help prevent graft failure and recurrence of ESRD and dialysis. It also prevents renewed eligibility for full benefits under Medicare for patients who do not meet the program's other eligibility requirements. Using its March 2020 baseline, CBO estimates that in 2023, the average annual cost for an ESRD beneficiary under current law will be about \$117,000 and that the cost will rise to about \$150,000 in 2030.³

After analyzing data on the frequency and causes of graft failure, CBO expects that the new drug benefit would prevent graft failure in a relatively small number of enrollees. CBO projects that by 2030, there would be about 1,100 people in the new drug-only coverage option who under current law would be entitled to full Medicare benefits because of a graft failure in a prior year.

CBO's estimate for H.R. 5534 includes premiums that would be paid by beneficiaries, new federal spending on prescription drugs, and averted spending on a full range of Medicare benefits for some kidney transplant patients. CBO expects that the savings from averted dialysis and full Medicare eligibility start to accrue after the spending on the new drug

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1. Beneficiaries who enroll in Medicare Part B, which covers physician care and other outpatient services, pay a monthly premium equal to 25 percent of the expected, or actuarial, value of the benefit. Higher-income people pay a surcharge.
 2. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Assessing the Costs and Benefits of Extending Coverage of Immunosuppressive Drugs Under Medicare*, ASPE Issue Brief (May 2019), <https://go.usa.gov/x7xNj>, and Centers for Medicare & Medicaid Services, Office of the Actuary, *Proposal to Extend Coverage of Immunosuppressive Drugs* (May 2019), <https://tinyurl.com/y5j3b6ee> (PDF, 272 KB).
 3. Estimated spending reflects more than the cost of dialysis and care specific to an ESRD diagnosis. Many people with ESRD have comorbid conditions, such as diabetes and hypertension.

benefit begins. CBO estimates that H.R. 5334 would increase direct spending by \$10 million in 2023, but in subsequent years, savings would accumulate as more enrollees avoid graft failures. In 2030, that effect would be a reduction in direct spending of \$120 million. Over the 2021-2030 period, CBO estimates, H.R. 5534 would reduce direct spending by \$400 million.

Uncertainty

This estimate is subject to considerable uncertainty. In particular, it is unclear how many people would choose to enroll. H.R. 5534 would provide coverage for certain immunosuppressive drugs, but transplant patients require a range of health care services.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Deficits: None.

Mandates: None.

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