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State of Minnesota
Department of Human Services

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St. Paul, Minnesota 55155

January 4, 1993

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The Honorable Don Samuelson
State Senator
Room 124, State Capitol
75 Constitution Avenue
St. Paul, Minnesota 55155

Dear Senator Samuelson:

Minnesota Statutes (1990), section 256B.0629 directs the Advisory Committee on Organ and Tissue Transplants to submit an annual report on medical assistance (MA) coverage of transplants to chairs of the Health and Human Services Divisions of the House Appropriations and Senate Finance Committees and Commissioner of the Department of Human Services.

Attached is the 1992 report of the Advisory Committee on Organ and Tissue Transplants. The committee did not develop a 1993 report of recommendations because their 1992 recommendations have not been deliberated in the Legislature and still are valid. The Governor also will propose abolishing this advisory committee because the committee's functions were included in 1992 Health Right legislation delineating the role of the Health Care Access Commission and Health Planning Advisory Committee.

The 1992 committee report recommended the following transplant procedures and facility criteria for addition to MA transplant coverage:

TRANSPLANT	CRITERIA	FACILITY
Heart-lung	Primary pulmonary hypertension	Must meet United Network for Organ Sharing criteria
Lung	Cadaveric donors only	Must meet United Network for Organ Sharing criteria
Pancreas	Uremic diabetic recipients of kidney transplants	Must meet United Network for Organ Sharing criteria
Allogeneic bone marrow	Stage III or IV Hodgkin's disease	Must meet United Society of Hematology and Clinical Oncology standards

The Committee also recommends that all facilities paid by Minnesota Medical Assistance to perform any bone marrow transplant meet the American Society of Hematology and Clinical Oncology standards for bone marrow transplant facilities.

AN EQUAL OPPORTUNITY EMPLOYER


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DHS budget projections and update on current MA transplant surgery expenditures are enclosed. Additional expenditures will not be included in the Governor's budget request, however, due to current budgetary constraints.

Members of the Advisory Committee on Organ and Tissue Transplants contributed extensively to organ transplant policy development in the MA program and demonstrated exceptional commitment to this issue. DHS is grateful to them for their expertise and insights.

If you have need of additional information, please contact Kathleen Cota, Supervisor, Health Care Policy Development Section, at 296-9939.

Sincerely,



NATALIE HAAS STEFFEN
Commissioner

Enclosures 3

**TRANSPLANT PROCEDURES
BUDGET ESTIMATE**

The following are estimates of additional Medical Assistance program costs that may be incurred if transplant procedures in the 1992 advisory committee annual report are added to program coverage. Both federal and state shares are shown.

**STATE FISCAL YEAR 1994
(in 000's)**

TRANSPLANT PROCEDURE	FEDERAL EXPENDITURES	STATE EXPENDITURES	TOTAL
Heart-Lung	\$76	\$63	\$139
(Adults)	(60)	(51)	(111)
(Children)	(16)	(12)	(28)
Lung	\$200	\$170	\$370
(Adults)	(160)	(136)	(296)
(Children)	(40)	(34)	(74)
Pancreas	\$55	\$47	\$102
(Adults)	(44)	(37)	(81)
(Children)	(11)	(10)	(21)
Allogeneic Bone Marrow	\$45	\$37	\$82
(Adults)	(35)	(30)	(65)
(Children)	(10)	(7)	(17)
TOTAL	\$376	\$317	\$693
(Adults)	(300)	(254)	(554)
(Children)	(76)	(63)	(139)

Estimated expenditures for 1 heart-lung and 4 lung transplants are based on national utilization figures. Costs are 1991 average charges from a Minnesota hospital that performs these procedures.

Estimated expenditures for 5 pancreas transplants annually are based on average costs from a 1988 report on Medicaid program transplant coverage. Utilization is from a national report.

The cost estimate for 1 additional allogeneic bone marrow transplant for Hodgkin's disease is based on MA payment and utilization for allogeneic bone marrow transplants.

All cost estimates were increased to 1994 levels based on inflation factors for inpatient hospital DRG payments. Costs represent hospital and physician payments for the transplant surgery inpatient stay, and assume no contribution from Medicare or other insurance.

Estimated expenditures also are separated into spending estimates for adults and children (under age 21) to show forecasted spending due to new requirements of the Early and Periodic Screening, Diagnosis, and Treatment program (see page 5 of the attached report). Adult and child spending was calculated based on representation of the two age groups in all Medical Assistance funded transplant surgeries during FY91. Approximately 20% of transplant patients were 20 years of age or younger.

DHS: 1/1/93

**TRANSPLANT PROCEDURES
UTILIZATION RATES AND COSTS
Minnesota Medical Assistance**

This report summarizes claims paid data for transplant procedure inpatient stays during state fiscal years 1990 and 1991. Expenditures for fiscal years are based on the first date of service occurring within the year.

Utilization

The table below shows the number of transplant surgery inpatient stays MA paid for entirely or in part by type of transplant procedure. As the chart indicates, the number of bone marrow transplants MA covered more than doubled from FY90 to FY91. Otherwise, utilization did not change markedly.

When transplants were cut back to Medicare coverage in 1989, the Department agreed to cover all procedures that had been approved on a prior authorization request even though MA would not approve the procedure after July 1, 1989. That agreement accounts for payments on pancreas and pancreas/kidney transplants in FY90 and 91.

PAYMENTS FOR TRANSPLANT SURGERY NUMBER OF INPATIENT STAYS By State Fiscal Year		
PROCEDURE	FY90	FY91
HEART	1	2
ALLOGENEIC BONE MARROW	6	10
AUTOLOGOUS BONE MARROW	2	7
LIVER	3	3
PANCREAS	1	0
KIDNEY/PANCREAS	3	1
KIDNEY	36	39

During FY91, Medicare contributed toward two heart, one bone marrow, one kidney/pancreas, and about three-fourths of all kidney transplants counted above. Private insurance contributed \$200 toward one bone marrow transplant.

Costs

The table below shows that between FY90 and FY91, total MA expenditures for transplant procedures increased by almost 50 percent. Expenditures represent MA payments to hospitals and physicians for transplant surgery inpatient stays, including hospital outlier payments. Hospital admissions for complications and other transplant-related admissions are not included.

MEDICAL ASSISTANCE EXPENDITURES TRANSPLANT SURGERIES By State Fiscal Year		
PROCEDURE	FY90	FY91
HEART	\$46,849	\$4,659
ALLOGENEIC BONE MARROW	\$111,799	\$355,727
AUTOLOGOUS BONE MARROW	\$49,238	\$140,157
LIVER	\$135,568	\$111,611
PANCREAS	\$13,800	\$0
KIDNEY/PANCREAS	\$18,125	\$703
KIDNEY	\$129,267	\$130,598
TOTAL	\$504,646	\$743,455

The major increase in transplant spending from FY90 to FY91 is a three-fold increase in payments for bone marrow transplants. This three-fold increase can be attributed to two factors: 1) the number of bone marrow transplants MA paid for more than doubled between FY90 and 91; and 2) the average payment for a bone marrow transplant increased by about 60 percent. Part of the increase in the average payment could be due to increasing lengths of stay. Lengths of stay for FY90 bone marrow transplants averaged about 45 days, whereas lengths of stay during FY91 ran from two to five months.

The chart below shows average actual payments for transplants for fiscal years 90 and 91, and indicates that average transplant costs have remained stable except for costs of bone marrow transplants.

AVERAGE TRANSPLANT PROCEDURE COSTS By State Fiscal Year		
PROCEDURE	FY90	FY91
HEART	\$46,849	----
ALLOGENEIC BONE MARROW	\$27,759	\$70,810
AUTOLOGOUS BONE MARROW	\$26,669	\$69,101
LIVER	\$45,189	\$37,203
PANCREAS	\$13,800	----
KIDNEY/PANCREAS	\$13,939	----
KIDNEY	\$12,697	\$13,871

Average costs are based on transplant procedures where MA paid all or most of the physician and hospital costs, but includes payments from other sources when known. Cases in which MA made a small or partial payment, including a Medicare copayment, are not counted in calculating the average.