

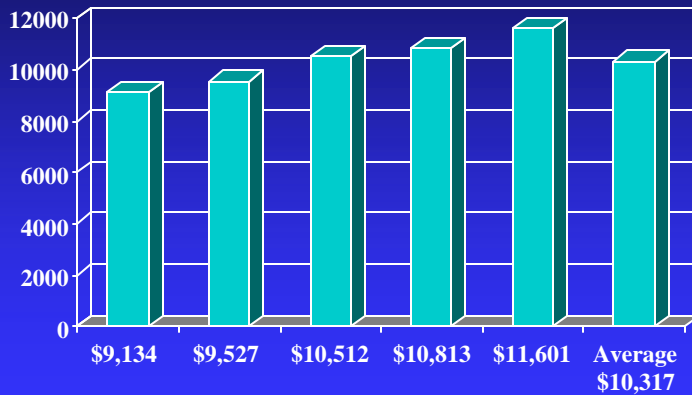
The Pros and Cons of ADAP Direct Purchasing

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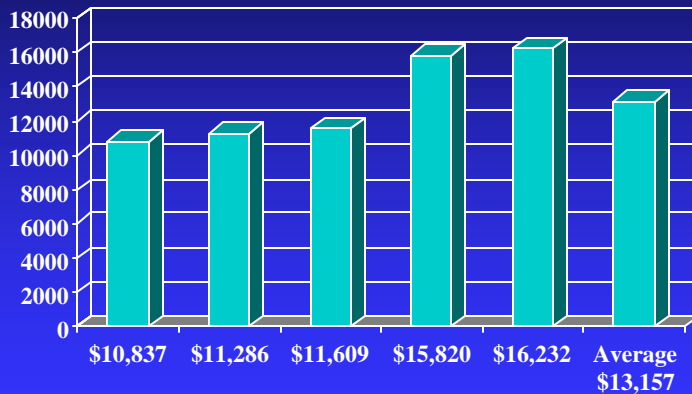
Comparison of 10 programs

- | | |
|-------------------|------------------|
| ■ Direct Purchase | ■ Rebate |
| ◆ South Carolina | ◆ North Carolina |
| ◆ Illinois | ◆ New Jersey |
| ◆ Florida | ◆ Michigan |
| ◆ Georgia | ◆ Maryland |
| ◆ Alabama | ◆ California |

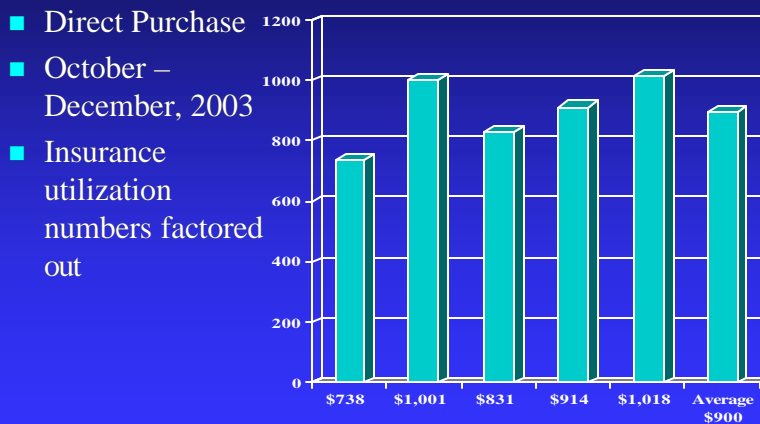
Total Funding/Utilizing - Direct



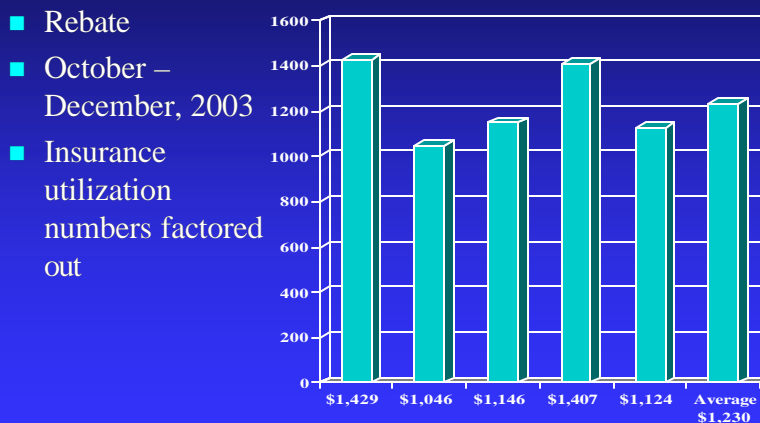
Total Funding/Utilizing - Rebate



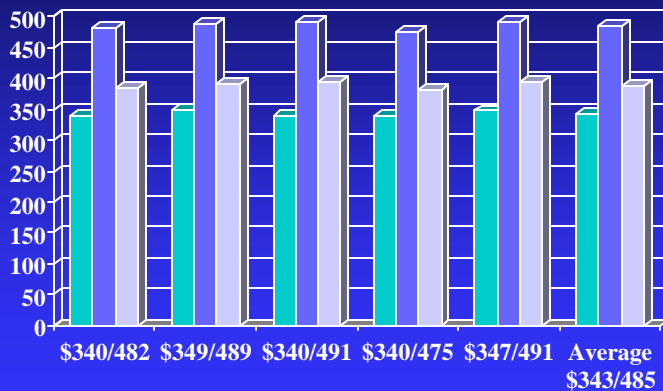
Average Cost/Utilization



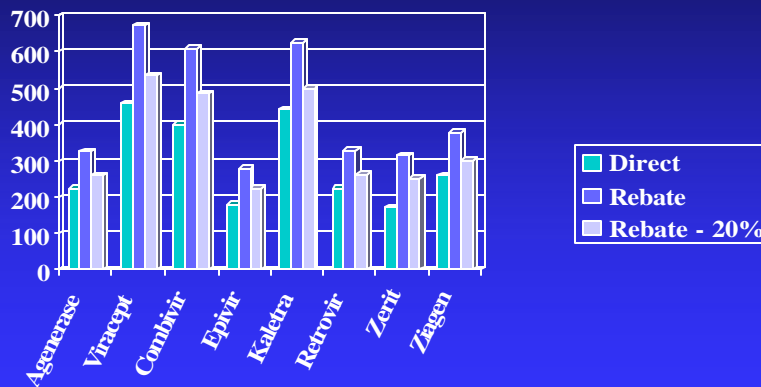
Average Cost/Utilization



Crixivan Cost by State



Average Cost by Antiretroviral



Prime Vendor

- Primary mission of the PV is to improve access to affordable medications for covered 340B entities and their patients by securing sub-340B pricing
- June 2003, HPPI (Healthcare Purchasing Partners International) was awarded a subcontract from AmeriSource Bergen to be the Prime Vendor.
- ADAPs can retain their current Wholesaler and register for the PV and have HPPI negotiate sub-340B discounts on their behalf.
- No risk, no cost for ADAP grantees.

Prime Vendor

- More information can be found on their website at www.hppi340bpvp.com
- Contact Person: Chris Hatwig, M.S., R.Ph., FASHP
- Phone 972-910-6646
- Email: catwig@340bpvp.com

Alternative Methods

- Part of HHS initiative to allow healthcare organizations to take additional steps to
 - ◆ Reduce administrative costs
 - ◆ Make buying prescription drugs easier for patients
- Secretary announced initiative in June 2001

Alternative Methods

- Making it easier for networks of covered entities to participate in 340B by
 - ◆ A lead entity manage 340B drug purchases for the network
 - ◆ Recognizing the network itself as a covered entity
- Using more than one contracted pharmacy to make services more accessible to patients
- Using contracted pharmacy services to supplement in-house pharmacies

Questions/Concerns

- What are the possible impacts that a change in the state's purchasing system might have on clients' access, care, and treatment?
- How many more clients might be served?
- What are the possible savings to the program?

Questions/Concerns

- Can clients meet regularly with their pharmacist?
- Where will the medications be sent?
- What about patient education?
- How long will it take to receive medications?
- Who is liable for drug interactions?

Direct Purchase Elements

- Medications packaged centrally and shipped to
 - ◆ Participating pharmacies
 - ◆ Providers or case manager
 - ◆ Client
- Turn-around time for
 - ◆ New prescriptions
 - ◆ Changes in prescriptions
 - ◆ Immediate needs (antibiotics)

Direct Purchase Elements

- Billing to include primary insurance and Medicaid
- Access to counseling from licensed pharmacist
- Prevention of potentially harmful drug interactions in connection with prescriptions filled for clients

Contract Pharmacy

- Screening for PHS Guideline compliance
- Back billing of Medicaid
- Tracking of demographic and utilization information
- Screening for ADAP eligibility/ screen for Medicaid eligibility before filling a script
- Checking and tracking all third party insurance benefits and appropriately billing the state for co-pays
- Ensure payer of last resort

Contract Pharmacy

- Minimum business hours
- Assist in preventing harmful drug interactions
- Bi-lingual staff
- Customer service representative during business hours
- Maintain an inventory and reconcile it quarterly
- Follow HIPAA expectations
- Back up plan in case of emergency

Contract Elements

- Ability to receive, store, prepare and dispense
- Ability to track and maintain a scheduled shipment plan for all refills
- Ability to notify client of changes
- 24-hour
 - ◆ Physicians to call in prescriptions
 - ◆ Clients to access medication counseling from licensed pharmacist

Impact on client

- Where are clients receiving medications now – where with a change?
- Who provides counseling to the client now
- How quickly are prescriptions filled
- Any limitations in number of prescriptions or dollars spent?

Impact on the program

- Personnel
- Contractual
- Supplies
- Direct versus Indirect costs
- What remains “in house”

Conclusions

- Rebate programs appear to spend more per client overall than Direct programs
- Rebate programs appear to spend more per antiretroviral than Direct programs
- In reviewing changes – how much is too much?
- Overall impact to the client
- Overall impact to the costs/savings