

**DEPARTMENT OF HEALTH SERVICES —
OFFICE OF AIDS**

California's AIDS Drug Assistance Program

**National ADAP Educational Forum
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**CA ADAP
PROGRAM OVERVIEW**

Budget:

- \$212 million for FY 2003-04
- \$16 to \$21 million per month, or \$4 to \$5 million per week

Sources of Funding:

- Federal Funds – relatively flat (\$98 million)
- State General Funds – in trouble (\$64 million)
- Rebate Funds – reserved exclusively for ADAP & part of annual “budget authority” (\$50 million)

Formulary:

- 151 drugs (all ARVs, O/I drugs, & other support therapies)
- 2 drugs with medical access criteria (Fuzeon & Somatropin)

CA ADAP ELIGIBILITY SCREENING (TIGHTENING UP)

Medi-Cal/Medicaid:

- More documentation for non-referrals
 - ✓ Not disabled according to SSA definition
 - ✓ Not a documented resident
 - ✓ Excess assets

Income:

- 400% FPL or below – no co-payment
- 401% FPL to \$50,000 – co-payment as defined in state legislation

CA ADAP COST CONTAINMENT MEASURES

Governor's Budget:

- Includes capped enrollment next year – off the table

Alternative Cost Savings Measures:

- Approved by legislature
- Same amount of general fund savings as capped enrollment
- Result, in part, of meetings with care providers & university research staff (UARP) to examine ADAP & determine if current business model is “best”
- Meeting group recommended we explore other cost containment measures rather than change ADAP to mail-order system and/or smaller pharmacy network (as part of direct purchase model)

CA ADAP COST CONTAINMENT MEASURES (Cont.)

Cost Containment Proposals:

1. Limit Auto Refills by requiring physician approval for refills at 6 month intervals
 - ✓ Designed to curtail auto refills – pharmacy practice of delivering drugs to client’s home each month without any action on part of client or prescriber
2. Change Prescription Refill Window from 24 to 27 days
 - ✓ Designed to prevent the accumulation of “extra” drugs
 - Neither is a common practice

CA ADAP ALTERNATIVE MODELS RESEARCH

Universitywide AIDS Research Program (UARP):

- Participants – UCLA & UCSF

Objectives:

- Examine current ADAP model & rebate system
- Review direct purchase model & its impact on cost & client access

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- Comparing actual net drug costs including rebate (FY 2002-03) with direct purchase prices for same period & Prime Vendor prices
 - ✓ Difficult to compare because PHS drug prices seem to vary & are difficult to obtain

CA ADAP ALTERNATIVE MODELS RESEARCH (Cont.)

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- Costs & client access are the factors we are trying to balance
 - ✓ Current pharmacy network with over 3,400 pharmacies (about ½ are “active”)
 - ✓ 23,400 clients currently enrolled
 - ✓ 17,000 to 18,000 use the program each month
 - ✓ Statewide mail order is available but seldom used
- Would have to limit client access by changing to much more restricted pharmacy network and/or becoming a mail-order exclusive state, & purchasing via 340(b) direct purchase model or using HRSA Prime Vendor

CA ADAP ALTERNATIVE MODELS RESEARCH (Cont.)

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- For rebate states, need to consider:
 - ✓ Initial reimbursement rate for drugs & admin costs associated with claims processing/eligibility screening (currently combined for AWP-10.5% in CA for brand drugs & AWP-20% for generics)
 - ✓ Dispensing fee (\$4.05 per claim)
 - ✓ Rebate collected
- For FY 2002-03, our “bottom line” drug cost including PBM’s admin costs & dispensing fees averaged to AWP-27% for ARVs

CA ADAP ALTERNATIVE MODELS RESEARCH (Cont.)

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- Research results may differ for other states
- Encourage any state at crossroads (new contract on horizon, tight fiscal times, etc.) to look at actual costs & compare them with other alternatives available
- May not have to restrict client access to keep costs as low as possible