

## Texas HIV Medication Program: The Growing Challenge



### The Big Picture

The Texas HIV Medication Program (THMP) provides life-sustaining medications for the treatment of HIV and its related complications for low-income Texans through the Department of State Health Services (DSHS).

Because of increasing enrollment and increasing medication costs, the THMP will need a projected \$19.2 million in additional funds in state fiscal year 2013. DSHS is examining a variety of cost containment measures to enable the THMP to continue providing stable access to HIV medications to as many people as revenue allows. These measures could be implemented as soon as September 2011, depending on the amount of funding available to the program in the next budget cycle.

### Program Overview

Established in 1987, the THMP is composed of two medication assistance programs: the AIDS Drug Assistance Program (ADAP), funded with federal and state funds, and the State Pharmaceutical Assistance Program (SPAP), funded with state funds only.

The Texas ADAP provided medication assistance to 14,251 clients in Fiscal Year (FY) 2010 (9/1/2009-8/31/2010), making it the fourth largest ADAP in the U.S. The program’s FY2010 expenditures were \$92,144,451. Clients have access to a limited formulary of medications that includes all 28 FDA-approved antiretrovirals and 14 drugs used to treat and prevent opportunistic infections.

Eligibility criteria for the Texas ADAP include:

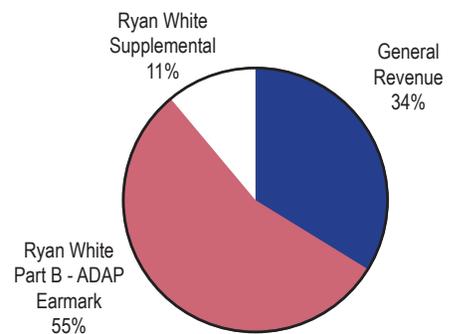
- 1) Texas residence
- 2) Proof of HIV infection
- 3) Household income of less or equal to 200% of the Federal Poverty Level (FPL)
- 4) Lack of insurance or underinsured for prescription drug coverage

THMP established the SPAP in 2008 to help Medicare-eligible THMP clients access the Medicare Part D prescription drug benefit by providing assistance with out-of-pocket costs. In FY2010, the SPAP served 1,541 clients. Moving eligible clients from the ADAP to the SPAP results in a significant reduction to the average cost per client.

### Why is ADAP Enrollment Increasing?

While Medicare Part D and the SPAP slowed ADAP growth between 2006 and 2008, enrollment began to grow again after that point. Between 2010 and 2013, ADAP enrollment is expected to grow by 14%. Several factors are driving ADAP growth.

**THMP Funding FY 2010**



# DSHS FACT SHEET



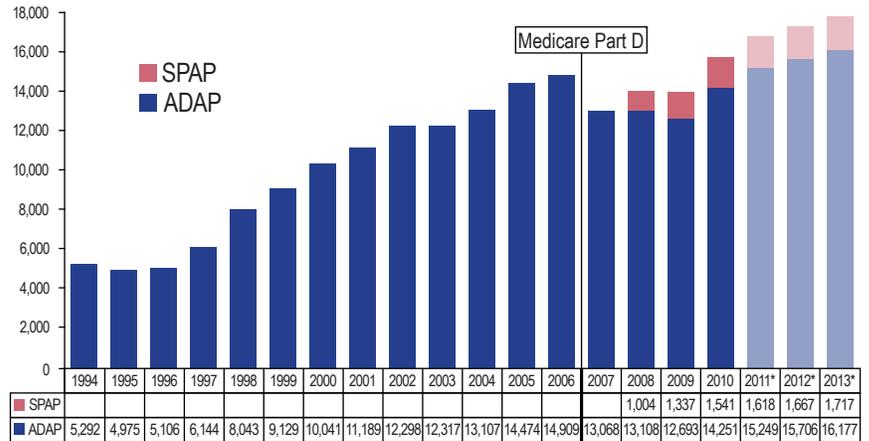
## More People Living with HIV

In 2009, there were more than 66,000 persons known to be living with HIV in Texas, and the number of living HIV cases grows about 6% a year. This increase is primarily due to increased survival.

## More Emphasis on HIV Testing and Linkage to Care

DSHS has expanded HIV testing in medical settings to find persons with HIV who are unaware of their infections and link them to care. Increasing the number of persons with HIV who are in care will enhance the health of these individuals. It is also likely to reduce new cases of HIV, as treatment reduces infectiousness and knowledge of status usually results in reduction of risky behavior. In FY2010, these programs tested 133,466 persons, found 1,326 persons who were HIV-infected, and linked an estimated 79% to care. DSHS estimates that 15-25% of newly diagnosed persons will be served by the ADAP.

THMP Clients Served FY1994-FY2013



\* R&W Projections - August 2010  
A few clients may be served in both the ADAP & SPAP in the same fiscal year

## Economic Factors

Economic factors may result in more HIV-infected persons losing employer-based insurance or meeting ADAP income eligibility requirements. Texas has some of the highest proportions of uninsured residents in the U.S. and the state unemployment rate reached 8.3% in 2010 - the highest since 1992.

## Why are ADAP Costs Increasing?

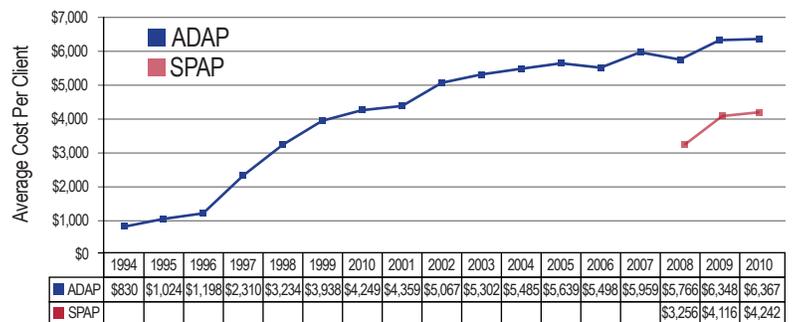
### Rising Cost of Brand Name Drugs

For the past several years, cost increases for brand name drugs have outpaced inflation. Most HIV drugs are not available in generic form. It should be noted that ADAP pays far below manufacture prices for its drugs. However, even with these discounts, HIV medications are becoming more expensive.

### More Clients on More Complex Regimens

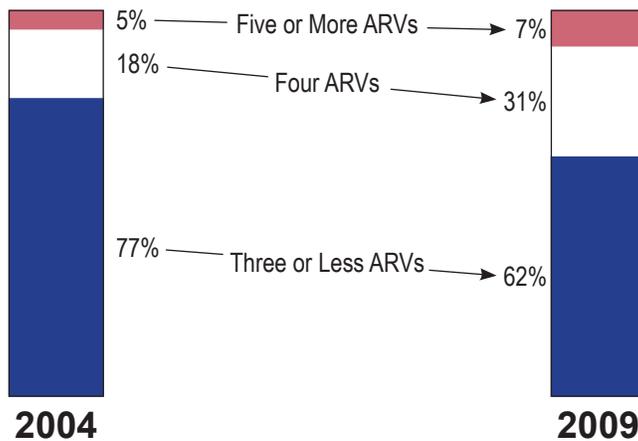
Increases in patient longevity means the clients stay on the ADAP program longer. At the same time, treatment-experienced clients often require more complex regimens because of drug resistance, drug interactions and side effects.

Average Cost Per Client, FY1994-FY2010





## THMP Client Drug Regimen Complexity



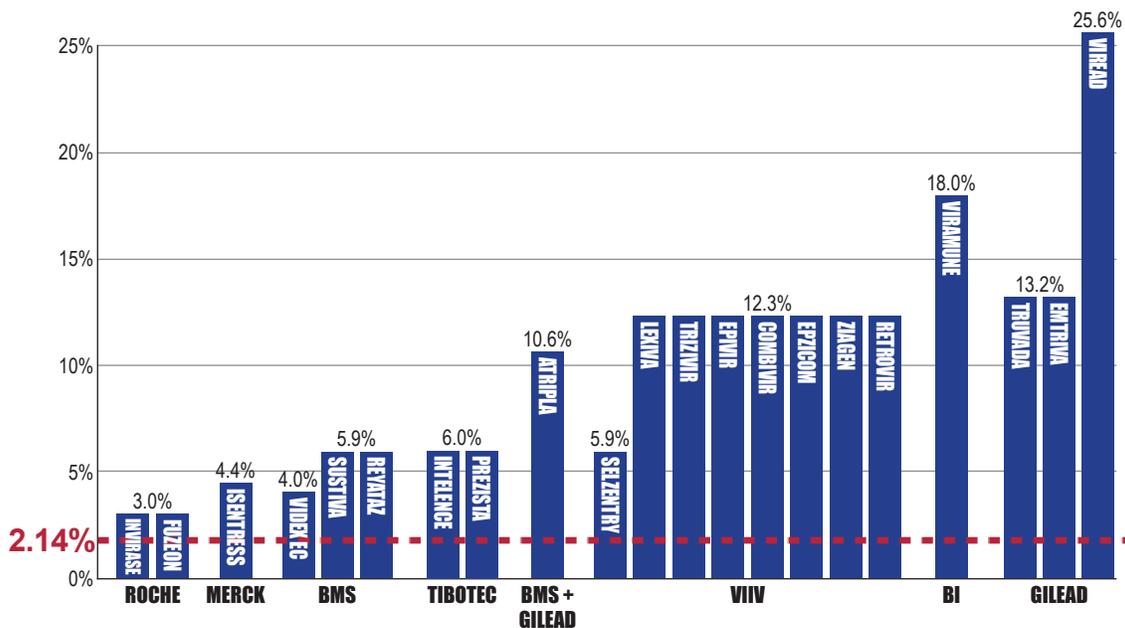
## What is the Funding Outlook for ADAP?

While demands and costs increase, there is increasing uncertainty about the federal revenues available to support future ADAP growth. The federal ADAP earmark and associated supplemental funds make up about two-thirds of the revenue supporting the ADAP. In the current environment, an increase in the federal ADAP earmark to match the growth in need is uncertain. At the same time, Texas' share of federal ADAP supplemental funds will likely decrease because a greater number of states are eligible to compete for these funds than in the past.

Although state general revenue available to the THMP has been stable over the past few years, growth in SPAP expenditures absorbs more of these funds. Based on DSHS projections, it is likely that demand and costs within the ADAP will outstrip revenues in the FY2012-13 state biennium. DSHS estimates the program will need an additional \$19.2 million in FY2013.

## HIV Drug Price Increase Rates in a 12-month period\*, as of April, 2010

As compared to the current inflation rate of 2.14%



\* Rate of increase is based on the 12-month period prior to the latest date of increase of each drug

Source: Faair Pricing Coalition



## What is DSHS Doing to Contain ADAP Costs?

DSHS already implements several cost containment measures including:

- Ensuring payer of last resort status by systematically reviewing applicants' eligibility for other programs and referring when appropriate
- Maintaining a limited ADAP formulary
- Securing deeply discounted drug prices via the ADAP Crisis Task Force and manufacturer discounts
- Shifting Medicare Part D-eligible ADAP clients to SPAP

## What Additional Cost Containment Options is DSHS Considering?

In addition to the measures outlined above, DSHS is examining how purchasing insurance for some ADAP clients may reduce ADAP costs. DSHS is also pursuing rebates on eligible expenditures made by the ADAP. But these changes alone do not appear to be enough to close the gap between projected expenditures and available funds.

It may become necessary to contain ADAP costs by restricting enrollment of new clients. ADAP program rules, found in §98.115 of Chapter 98 of the Texas Administrative Code, specify that THMP may apply tighter income levels and medical criteria to new clients as a way to restrict enrollment to levels that can be supported with estimated revenue. As a last resort, the ADAP can be closed to new enrollment.

Because the rules specify that changes in eligibility can be applied only to new applicants, and not to current ADAP clients, DSHS may need to make changes to eligibility as soon as September 2011. The actual start date for these changes will be determined by the amounts of federal and state funds available to the program.

At this time, DSHS is considering the following changes in ADAP eligibility:

- 1) Limit eligibility to people with CD 4 T-cell counts of less than 500 at the time of initial application
- 2) Use gross income rather than adjusted gross income to determine ADAP eligibility

Adding these two changes may decrease expenditures enough to bridge the funding gap, but negatively impacts the number of new clients that can be served.

Alternately, the program could eliminate eligibility for persons with CD4 T-cell counts above 350 rather than 500. This may avoid changes to income eligibility, but would restrict access for people with healthier immune systems. Some stakeholders have suggested that the ADAP require cost-sharing or co-pays, but this would require additional administrative expenditures that would reduce the savings.

DSHS needs stakeholder input to evaluate ways to control costs that preserve stable benefits for the greatest number of HIV infected persons. A schedule of stakeholder meetings can be found at [www.dshs.state.tx.us/hivstd](http://www.dshs.state.tx.us/hivstd). If you would like to provide feedback to DSHS on how to address ADAP cost issues, please send an e-mail to [hivmeds@dshs.state.tx.us](mailto:hivmeds@dshs.state.tx.us) or call us at 1-800-255-1090.