VIRTUAL 2020 NATIONAL RYAN WHITE CONFERENCE ON HIV CARE & TREATMENT

Budgeting Lifecycle of a 340B Program at a Part C Site

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History and Overview of HIV Program

1988 – HIV Clinic was founded at an Academic Medical Center

1997 – First awarded Ryan White Part C grant

2010 – Registered as a 340B entity

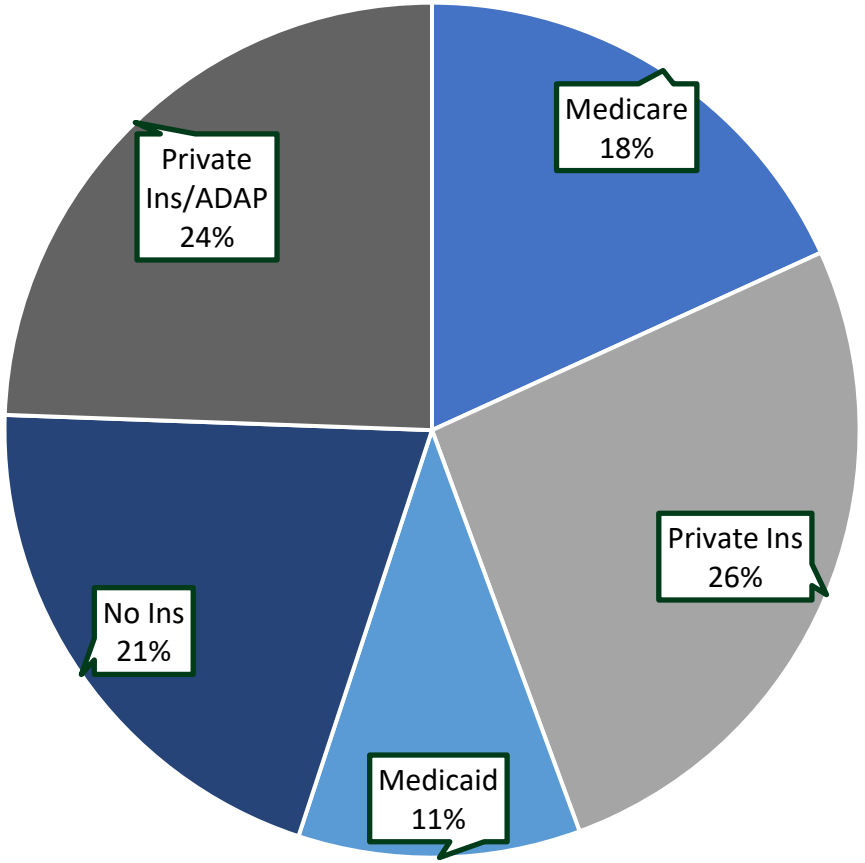
2011 – Contracted with external 340B pharmacy

2013 – Contracted with internal 340B pharmacy

Ambulatory Care is provided under contractual agreements with a Health Services Foundation

Clinic Population

- Total Clinic Population = 3,820
- 81% are below 200% of the Federal Poverty Level, earning less than $2,081 per month
- 56% of our patients earn less than $1,000 per month



Learning Objectives

- Developing a global snapshot of funding sources
  - Grants, third party payments, 340B income
- Recognizing and forecasting revenues
  - Understanding how to estimate revenue trends based on patient numbers, and local/state health department Ryan White activities
- Allocating and forecasting expenses
- Use of budgets for strategic planning

Developing a Global Snapshot of Funding Sources

- Who are your primary third party payers?
  - What is your insured vs uninsured rate?
  - What percentage of patients are on Medicaid?
  - What percentage of patients are self pay?
- Are you a stand alone clinic or are you affiliated with a hospital or health center?
- Do you have multiple designations (STD, FQHC, Ryan White)?
  - How do you allocate program income across these designations?

Monthly Monitoring of Revenue

- Variables are monitored monthly for the effect on program income
  - Number of patients served through 340B pharmacies
  - Cost of goods sold
  - Collection from 3rd party payers
  - Contract pharmacy fees
  - Co-pays and charity care costs

Monthly Monitoring of Revenue Summary

- Tracking of Revenue trends from month to month allows the fiscal team to forecast 6-12 months in advance for anticipated revenues
- Multiple variables can contribute to fluctuations in anticipated revenue

1) Change in the number of insured patients
2) Major pricing shifts in medications
3) New insurance options for patients (state run BCBS program)
4) New providers in service area (reduction in patient population)
5) Changes in visit structure (move to telehealth)

Contract Pharmacies	May	June	July
Number of 340B Prescriptions Shipped	1,043	963	1,014
Number of Total Prescriptions Shipped	3,895	3,576	3,878
3rd Party Collections	$821,927	$649,635	$723,108

Ambulatory Care	May	June	July
Clinic Visits Insured	600	550	625
Clinic Visits Uninsured	1,200	1,300	1,111
3rd Party Collections	$103,000	$83,000	$107,000

Breakdown of 340B Pharmacy Monthly Net

Pharmacy Monthly Information	May	June	July
Number of 340B Patients Shipped	275	271	280
Number of 340B Prescriptions Shipped	522	482	507
Number of Total Patients Shipped	310	306	318
Number of Total Prescriptions Shipped	1,948	1,788	1,939
Primary Adjudicated	$900,000	$850,000	$850,000
Secondary Adjudicated	$58,500	$48,000	$50,000
Tertiary, Quaternary, Quinary Adjudicated	$750	$950	$6,900
Patient Cost Share	$64	($73)	$129
340B Charity	$10,000	$7,900	$12,350
Total Charged	$969,314	$906,778	$919,379
Third Party Paid	$1,000,000	$850,000	$950,000
Patient Cost Share Paid	$64	($73)	$129
340B Charity	$10,000	$7,900	$12,350
Total Collected	$1,010,064	$857,828	$962,479
Collected	$1,010,064	$857,828	$962,479
Dispensing Fees	($5,100)	($4,660)	($4,925)
340B COGS	($500,000)	($450,000)	($495,000)
Management Fee	($51,500)	($41,500)	($49,000)
Shipping Fee	$0	$0	$0
Cap Adjustment	$2,000	$2,150	$1,000
Uninsured Prescriptions Provided by Clinic	($6,500)	($5,500)	($15,500)
Charitable Contributions	($15,500)	($12,500)	($17,500)
Third Party Fees	($22,500)	($21,000)	($20,000)
Revenue for Clinic	$410,964	$324,818	$361,554

Breakdown of Third Party Payers Revenue

Collections for all ambulatory visits are made under the Health Services Foundation (HSF)

- Quarterly Reports are provided to Clinic that breakdown the following
  1. Number of Patient encounters by type
  2. Collections by payer of last resort
  3. Expenses detail report
  4. Adjustments
  5. Profit or loss to the Health System as a result of clinical operations at Ryan White Clinic

POINTS To consider

- Ryan White/340B serves as payer of last resort for all Patient related costs
- Adjusting payments are made to the Health System from 340B funds for any operating deficits

Monitoring of Revenue Affects Ability to Assign Expenses

- Determining the burn rate of grant funds vs program income (3rd party payments, 340B)
- Planning draw downs when trying to spend from program income first, PCN 15-03 RWHAP recipients and sub-recipients must:
  - Disburse all program income before requesting additional cash payments
  - Estimate accrued program income and determine RWHAP funds that will be needed during current performance period
- Categorical budgeting using HRSA designated service categories
  - Service categories detailed under PCN 16-02

Monthly Monitoring of Expense Trends

- Variables are monitored for adherence to the budgeted plan
  - FTE's for clinic staff
  - Anticipated Health System Operating Deficits
  - Operating costs
  - External provider costs
  - External initiative costs (Support services provided by area ASO's)
  - Administrative costs

Budget Development

- Annual operating budgets are developed to accommodate both fluctuating revenue and expense streams
- Expenses are categorized by 16-02 service categories
  - FTE cost
  - Non-FTE cost
  - Internal costs vs external costs
- Quarterly assessments are done of average revenue vs expenses and operating budgets are adjusted accordingly

Allocation of Costs by Revenue Stream

Category	3rd Party Payer	Part C	340B Income	Total
Salary and Fringe Costs	$ 550,000.00	$ 3,667.70	$ 861,756.64	$ 1,415,424.34
Patient Care Costs	$ -	$ -	$ 669,771.26	$ 669,771.26
90-90-90	$ -	$ -	$ 10,200.42	$ 10,200.42
Housing & Nutrition	$ -	$ -	$ 1,233,895.05	$ 1,233,895.05
Operating Expenses	$ 3,750.00	$ 366.77	$ 230,012.80	$ 234,129.58
				$ 3,563,420.65

Allocation of Costs by Service Category

Category	EIS	CMS	CQM	Support Services	Admin	Total Ryan White Funds
Salary and Fringe Costs	$ 1,061,568.26	$ 1,061,568.26	$ 231,622.34	$ 51,462.53	$ 70,771.22	$ 1,415,424.34
Patient Care Costs	$ 669,771.26	$ 669,771.26	$ -	$ -	$ -	$ 669,771.26
90-90-90	$ -	$ -	$ 10,200.42	$ -	$ -	$ 10,200.42
Housing & Nutrition	$ -	$ -	$ -	$ 1,233,895.05	$ -	$ 1,233,895.05
Operating Expenses	$ 113,755.24	$ 113,755.24	$ -	$ -	$ 120,374.34	$ 234,129.58
	$ 1,845,094.76	$ 1,845,094.76	$ 241,822.76	$ 1,285,357.58	$ 191,145.56	$ 3,563,420.65
	49%	49%	7%	36%	9%	

What happens when program income exceeds program expenses?

- Initial Expansion of Ryan White Services Funded by Program Income Included the Following
  - Hiring of additional clinic staff
  - Development of a web based system to operationalize social worker activities
  - The establishment of an offsite call center for patient management
  - Expansion of oral health care
  - Expansion of specialty care
  - Contractual agreements with external providers

Additional Areas of Improvement Funded Through Use of Program Income

- Once able to fully meet the needs of our patients that fell under the allowable Ryan White service definitions, we expanded to areas that improved patient outcomes including:
  - Hiring of full time tech support specialist
  - FTE support of additional data analysts for ongoing CQI efforts
  - Minor Upgrade of facilities
  - Provision of additional security
  - Additional parking options
  - Enhanced staff training
  - Expanded our outreach and linkage program

Reaching Out to Community Partners

- Once all needs within our clinic were met, we conducted a community needs assessment which included:
  - Discussions with providers
  - Discussions with clinic staff – social workers, dieticians, nurses, etc.
  - Patient surveys
- The needs assessment identified 2 areas in which our patients were lacking support - Housing and Adequate Nutrition Programs
- The 1917 Clinic partnered with AIDS Service Organizations in Birmingham to fill those needs
  - Housing – Temporary Housing Partnership
    - AIDS Alabama
    - Aletheia House
  - Nutrition Program – BFED
    - Birmingham AIDS Outreach (BAO)

Ensuring Appropriate Use of Program Income

- Part C PI approves all new initiatives
- Program Manager, Financial Officer, and institutional signing official ensure that expenditures meet HRSA regulations/guidelines
- Review of all invoices for the following:
  - Patient is Ryan White Eligible
  - Referral of patient is documented and services match
  - Allowability of charges
    - Use of RW Policy Clarification notices to educate institutional partners

Internal Barriers to Engaging in Various Opportunities

Barrier

→ Differing interpretations of HRSA policy by institutional stakeholders

→ Risk aversion from our institution

→ The "too good to be true" scenario

Our Solution

→ Ongoing and open conversations with HRSA program officer

→ Strategic planning to utilize program income that includes all levels of institutional leadership

→ Staff education on the 340B program and what it means to our clinic staff, patient population, and community partners

→ Sharing availability of 340B funded opportunities in an appropriate way

If you don't know, ask!

Have candid conversations to get the most useful information.

→ HRSA 340B Eligibility & Registration

→ HRSA HAB Policy Notices & Program Letters

→ HAB PCN 15-03: Clarifications Regarding the Ryan White HIV/AIDS Program and Program Income

→ HAB PCN 16-02: Ryan White HIV/AIDS Program Services:

Eligible Individuals & Allowable Uses of Funds

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Questions?