

ADAP and Insurance: Purchasing/Continuing Insurance and Utilizing Pharmacy Benefits Managers/Insurance Benefits Managers

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Agenda

- Overview of ADAPs ability to purchase/continue insurance
 - Insurance purchasing and continuation
 - Insurance purchasing and health reform
 - Utilization of a pharmacy benefits manager/insurance benefits manager
 - Collecting rebates on insurance payments
- Questions and answers

ADAPs and Insurance

ADAPs and Insurance

- The Ryan White Program allows states to use ADAP dollars to purchase health insurance and pay insurance premiums, co-payments and/or deductibles for individuals eligible for ADAP, provided the insurance has comparable formulary benefits to that of the ADAP.
- Per HRSA policy notice 07-05, ADAPs are permitted to purchase or continue an insurance policy for clients. This policy notice serves as an update to the previously issued HRSA policy notice 99-01.
- Prior to the use of ADAP funds for the purchase of health insurance, states must provide HRSA/HAB with notification of intent with the aforementioned assurances to the Grants Management Specialist.

ADAPs and Insurance

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Funds designated to carry out the provisions of Section 2616 of the Public Health Service Act may be used to purchase health insurance whose coverage includes the full range of HIV treatments and access to comprehensive primary care services, subject to the conditions below:

1. Funds must continue to be managed as part of the established ADAP Program.
2. ADAP programs must be able to account for and report on funds used to purchase and maintain insurance policies for eligible clients including covering any costs associated with these policies.

ADAPs and Insurance

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3. Funds may only be used to purchase premiums from health insurance plans that at a minimum provide prescription coverage equivalent to the Ryan White HIV/AIDS Program Part B formulary.
4. The total annual amount spent on insurance premiums cannot be greater than the annual cost of maintaining that same population on the existing ADAP program.
5. Funds may be used to cover any costs associated with the health insurance policy, including co-payments, deductibles, or premiums to purchase or maintain insurance policies.

ADAPs and Insurance

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6. Current client eligibility guidelines, set under Section 2616(b) of the Public Health Service Act, must be followed. The States must maintain their contributions to their HIV/AIDS care programs as required under Section 2617(b)(7)(E).
7. Ryan White HIV/AIDS Program funds must be the payers of last resort for pharmaceuticals.
8. The State must assure that ADAP funds will not be used to purchase health insurance deemed inadequate by the State in its provision of comprehensive primary care services.

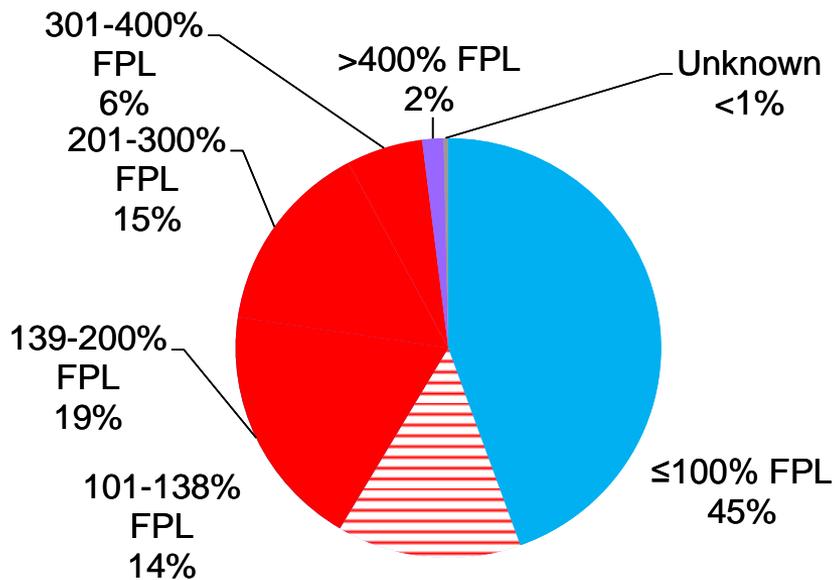
ADAPs and Insurance

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- States are increasingly using ADAP funds for this purpose.
 - Forty ADAPs reported using funds for insurance purchasing/continuation in 2012 representing \$227 million in estimated expenditures in FY2012.
 - ADAPs reported spending over \$20.3 million on insurance purchasing/continuation in June 2012.
 - In June 2012, 46,653 ADAP clients were covered by such arrangements.
 - Spending on insurance purchasing/continuation represented an estimated \$434 per capita in June 2012, about 59% of the average monthly cost per client for medications purchased by ADAPs, based on overall drug expenditures, in that month (\$1,054).

Insurance Purchasing and Health Reform

ADAP Clients Served by Income Level (June 2012)



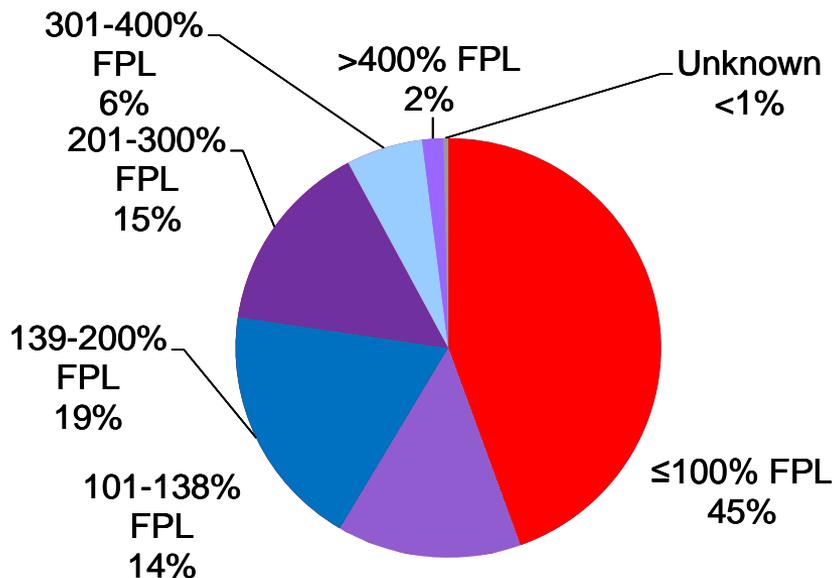
NASTAD ADAP Monitoring Project Annual Report, January 2013

2014 ACA Coverage Option	Income Eligibility Threshold
Medicaid Expansion	Income up to 138% FPL
Advance Premium Tax Credit for purchase of private insurance through exchanges/marketplaces	Income between 100 and 400% FPL (ineligible for Medicaid or affordable employer-based coverage)
Cost-sharing subsidies to offset out-of-pocket costs of private insurance through exchanges/marketplaces	Income between 100 and 250% FPL (ineligible for Medicaid or affordable employer-based coverage)
Unsubsidized private insurance coverage through exchanges/marketplaces	Income below 100% FPL (ineligible for Medicaid)

Insurance Purchasing and Health Reform

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Insurance Purchasing and Health Reform

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- States are preparing insurance purchasing programs for ACA coverage by:
 - Coordinating ADAP eligibility and application processes with the Marketplace, including aligning ADAP income criteria with Modified Adjusted Gross Income (MAGI).
 - Assessing ADAP capacity to help clients afford Marketplace coverage (for clients receiving subsidies as well as those ineligible for federal subsidies).
 - Developing relationships with Marketplace plans and pharmacies.
 - Assessing scope of coverage and cost of Marketplace plans.
 - Ramping up ADAP benefits counseling activities and staff.

Insurance Purchasing and Continuation Checklist

- When considering making any changes, determine if they are economically feasible and administratively manageable for the ADAP in light of current staff capacity and internal administrative processes.
- Train case managers on how to enroll clients in the insurance program.
- Educate clients and case managers about the insurance purchasing and continuation program.
- Verify that ADAP pharmacy network or direct purchase administration can work with the health insurance payers.
- Consider the feasibility of electronic application systems.
- Develop plan assessment tools and procedures.
- Anticipate problems with client participation in the insurance program that may occur with implementation and develop procedures to respond rapidly to address unintended consequences – including waivers.
- Be familiar with state legislation and administrative regulations that may impact your ability to make changes in ADAP.
- Follow the internal state agency process for review and approval of changes to the ADAP.
- Communicate to the community about why and when the ADAP will introduce an insurance purchasing and/or continuation program.
- If Ryan White Part B programs decide to use ADAP funds to purchase health insurance, they must submit a Notification of Intent to HRSA that addresses: the methodology that will be used, an assurance that the pharmaceutical component of the insurance policy includes a formulary equivalent to the ADAP formulary, and assurance that the cost of providing coverage to clients through the insurance program is cost neutral in the aggregate. (See HAB Policy Notice 07-05.)
- Consult other ADAPs that have investigated and/or adopted an insurance program to find out how they approached it, the results and lessons learned.
- Communicate with your HRSA Project Officer and NASTAD when the state is considering implementing an insurance program, when and if significant challenges arise, and when any changes are actually implemented.

ADAPs and PBMs/IBMs

ADAPs and PBMs/IBMs

- ADAPs cite many reasons why they have contracted with a PBM and/or IBM/TPA, including:
 - Reduction in administrative costs
 - Improvement in the efficiency of services provided to clients
 - Assistance in eligibility screening to ensure payer of last resort
 - Streamlining of the ADAP prescription and payment delivery system, including inventory control
 - Management of rebate processing

What is a PBM?

- A pharmacy benefits manager is an organization or system that provides administrative and pharmacy claim adjudication services, and pharmacy benefit coverage programs.
- Many PBMs also operate mail order pharmacies or have arrangements to include prescription availability through mail order pharmacies.

What is a PBM?

(continued)

- Administrative functions typically include:
 - Establishing and maintaining a network of providers Centrally process claims in real
 - Assist with benefit design and business rules
 - Information management
 - Continuous electronic insurance eligibility checking
 - Pharmacoeconomic studies

What is a PBM?

(continued)

- In addition, PBMs perform a variety of drug utilization functions. The range of drug utilization functions that a PBM can offer include:
 - Formulary and formulary related activities
 - Drug use review
 - Disease management
 - Patient compliance

What is a PBM?

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- PBMs may charge a per transaction administrative fee, depending on the number and extent of services that they are contracted to perform.
 - The fees charged, if any, are dependent on the contract terms negotiated between the ADAP and PBM.
 - ADAPs that contract with a PBM pay for the cost of the drug, the pharmacy dispensing fee, and an additional per claim administrative fee.
 - In some cases, the administrative fee is rolled into the dispensing fee charged per prescription.

What is an IBM?

- An insurance benefits manager or third-party administrator is an organization or system that provides administrative and insurance claim adjudication services. An IBM/TPA is neither the insurer nor the insured; it simply handles the administration of the plan.
- IBMs/TPAs are prominent players in the managed care industry and have the expertise and capability to administer all or a portion of the claims process.

ADAPs and Rebates

Rebates on Deductibles and Co-payments

- Per HRSA program letter dated April 29, 2005, ADAPs are permitted to file for full rebates on partial payments of health insurance policies.
- ADAP grantees that participate in the 340B drug pricing program can claim full rebates on partial pay claims under one of the following circumstances:
 - The ADAP grantee must pay the deductible for the patient's medication under the insurance policy, whether or not the program also pays the health insurance premium; or
 - The ADAP grantee must pay the co-pay for the patient's medication under the insurance policy, whether or not the program also pays the health insurance premium.

Rebates on Deductibles and Co-payments

- In both of the stated circumstances, there is a direct relationship between the **ADAP payment and the patient's medication.**
- Drugs that are fully reimbursed by insurance plans, where only the insurance premiums have been funded by ADAPs, **are not eligible for rebate.**
 - Therefore, payment of the insurance premium alone **does not** entitle an ADAP to claim a rebate under the 340B drug pricing program.

Filing for Rebates

- ADAPs should bill for units dispensed or other out-lays for prescription costs.
- To file for rebates, ADAPs must bill drug manufacturers for the 340B and ACTF Unit Rebate Amount (URA) for the number of units dispensed.
- To do so, ADAPs should submit a cover letter and claims submission to each pharmaceutical company for which the ADAP is seeking a rebate.

Filing for Rebates

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- The cover letter should be sent on ADAP/health department letterhead and include the following information:
 - Date the claims submission is being submitted
 - A statement that the ADAP participates in the 340B drug discount program.
 - Notation about which quarter rebates are being submitted for (i.e, Calendar Year 2013 Quarter 1)
 - Payment remittance information
 - To whom the check should be payable (i.e., Department of Health, ADAP)
 - Federal identification number
 - Contact name
 - Mailing address
 - Phone number in the event of questions

Filing for Rebates

(continued)

- The claims submission should include:
 - Company specific listing
 - Notation about which quarter rebates are being submitted for (i.e, Calendar Year 2013 Quarter 1)
 - Table for the claims submission, noting:
 - NDC
 - Drug name
 - Quantity dispensed
 - Number of prescriptions
 - Amount paid out in claims
- Rebates should be submitted within 90 days of the close of a given quarter.

Questions and Answers

Resources

- National Alliance of State and Territorial AIDS Directors (NASTAD) – www.NASTAD.org
 - [NASTAD Health Reform Resources](#)
 - NASTAD, [National ADAP Monitoring Project Annual Report Module Two](#) (April 2013) (includes ADAP data template to inform health reform implementation).
- HRSA HIV/AIDS Bureau – www.hab.hrsa.gov
- HRSA Target Center – Technical Assistance for the Ryan White Community - <http://careacttarget.org/>
- Kaiser Family Foundation – www.kff.org/hivaids/us.cfm
- Public Law No. 104-191, Health Insurance Portability and Accountability Act of 1996
- (2003). Health Insurance Continuity. In *Ryan White Ryan White Program Part B Manual* (Chapter 5). Retrieved December 7, 2006 from <http://hab.hrsa.gov/tools/title2/t2SecVChap5.htm#SecVChap5c>