



ADAP Glossary: Definitions and Acronyms

AIDS Drug Assistance Program (ADAP) - A state administered program authorized under Part B (formerly Title II) of the Title XXVI of the Public Health Service Act as amended by the Ryan White HIV/AIDS Treatment Modernization Act of 2006 (Ryan White Program) that provides Food and Drug Administration (FDA) approved medications to low-income individuals with HIV disease who have limited or no coverage from private insurance or Medicaid. ADAPs may also purchase insurance and provide adherence monitoring and outreach under the flexibility policy.

ADAP Dollars - Any funds, regardless of source, that comprise the ADAP budget and are expended on the provision of medications and other ADAP allowable services (including administrative costs for the program).

ADAP Crisis Task Force - A group of state ADAP and AIDS directors, convened by NASTAD, to negotiate with the manufacturers of HIV antiretrovirals and other high-cost medications to secure supplemental discounts/rebates for all ADAPs nationally.

ADAP Earmark - The amount of federal Ryan White Program, Part B (formerly Title II) dollars specifically designated by Congress through the annual appropriations process to ADAP for the federal fiscal year.

ADAP Flexibility Policy - Provides grantees greater flexibility in the use of ADAP funds and permits expenditures of up to 50 percent of ADAP funds for services that improve access to medications, increase adherence to medication regimens, and help clients monitor their progress in taking HIV-related medications. Grantees must request to use ADAP dollars for services other than medications in writing to HRSA.

ADAP HRSA Quarterly Report - As part of the funding requirements, ADAP grantees must submit quarterly reports to HRSA that include information on patients served, pharmaceuticals purchased, pricing, other sources of support to provide AIDS medications, eligibility requirements, cost data, and coordination with Medicaid.

ADAP Supplemental Grant Award - Authorized under Part B of the Ryan White HIV/AIDS Treatment Modernization Act of 2006 (Ryan White Program), ADAP Supplemental grants are used for the purchase of medications by states and territories with demonstrated severe need to increase access to HIV/AIDS related medications. These grants must be used to expand ADAP formularies, target resources to reflect the changes in the epidemic, and enhance the ADAP's ability to remove eligibility restrictions. States must meet HRSA eligibility criteria in order to apply for ADAP Supplemental funds.

Average Manufacturer Price (AMP) - The average price paid to a manufacturer by wholesalers for drugs distributed to retail pharmacies. 340B and Federal Supply Schedule (FSS) prices, as well as prices associated with direct sales to HMOs and hospitals, are excluded from AMP under the rebate program.

Average Wholesale Price (AWP) - A national average of list prices charged by wholesalers to pharmacies. AWP is sometimes referred to as the "sticker price" because it is not the actual price that larger purchasers normally pay. AWP information is publicly available.

Best Price (BP) - The lowest price available to any wholesaler, retailer, provider, health maintenance organization (HMO), nonprofit entity, or the government. BP excludes prices to the 340B covered entities as well as the **Big 4** (i.e., the Department of Veterans Affairs (VA), Department of Defense (DOD), Public Health Service (PHS), and Coast Guard).

Back Billing – In some instances, ADAP covers an individual’s prescription costs but later determines there is another payer source, for example, state Medicaid. Once it is certain that another payer should have covered a client’s previous claims, the ADAP can request reimbursement for expenditures previously incurred or “back bill.” Another scenario for back billing is when individuals apply and are eligible for Medicaid. Their eligibility coverage back dates three months PRIOR to the application date. ADAP covers the individual while they wait for their Medicaid eligibility determination and then "back-bills" Medicaid for any drugs or services they paid for during the interim wait time (see also pay and chase).

Central State Pharmacy – A health department or other state agency’s centralized pharmacy that dispenses drugs through mail-order or distributes drugs to a pharmacy or network of pharmacies for dispensing to clients.

Centers for Medicare and Medicaid Services (CMS) - Formerly known as the Health Care Financing Administration (HCFA), CMS focuses on federal programs administered by states. These programs include Medicaid, Medicare, the State Children's Health Insurance Program (SCHIP), insurance regulation functions, survey and certification, and the Clinical Laboratory Improvements Act (CLIA).

Coordination of Benefits – The activities that ensure when multiple payers exist for medications and/or services that the appropriate costs are paid by the responsible payer. Ryan White Program funds are the payer of last resort, making it necessary for all other payers (Medicare Part D, Medicaid, private insurance, etc) to be utilized first before using these federal dollars.

Co-Insurance – A percentage of the cost of prescription drugs that a client must pay when enrolled in some health plans (i.e., Medicare Part D Plans). Some ADAPs will pay the co-insurance for ADAP formulary drugs.

Co-Payment - A set amount an individual must pay upon receiving medical services or prescriptions. For example, there may be a \$10 co-payment required

each time a prescription is purchased at a retail pharmacy. Some ADAPs will pay the co-payments for ADAP formulary drugs.

Contract Pharmacy – An arrangement through which an ADAP may contract with an outside pharmacy to provide comprehensive pharmacy services. Pharmacy services may include dispensing, record keeping, drug utilization review, formulary maintenance, patient profiles, and counseling.

Core Medical Services – Under the Ryan White HIV/AIDS Treatment Modernization Act of 2006, grantees receiving funds under Parts A, B, and C (formerly Titles I, II and III) must spend at least 75 percent of funds on core medical services. These services include: outpatient and ambulatory health services; pharmaceutical assistance (ADAP and other local pharmacy programs); oral health; early intervention services; health insurance premium assistance; home health care; home and community-based services; hospice services; mental health services; medical nutritional therapy; medical case management, including treatment adherence services; and outpatient substance abuse treatment services.

Cost Share/Patient Share – The ADAP client’s monetary cost for program participation. Some ADAPs require that program participants share in the cost of their medications. The mechanisms for this requirement vary from state to state but are usually based upon client income and set on a sliding scale fee. Some ADAPs require a monthly cost share payment to the program while other ADAPs mandate a nominal cost per prescription. The funds from the cost share component are returned to the ADAP to defray administrative and programmatic costs.

Deductible - The amount a health insurance beneficiary must pay before a third party payer begins to provide coverage for health services. Amounts can change from year to year. Some ADAPs pay this cost for eligible clients.

Dis-Enroll - To remove a client from ADAP. Following dis-enrollment, the individual would have to complete a new application and be enrolled in the ADAP again to receive services.

Dispensing Fee - The charge for professional services provided by the pharmacist when dispensing a prescription (including overhead expenses and profit). Medicaid and most direct pay insurance prescription programs use dispensing fees to establish pharmacy payment for prescriptions. Dispensing fees do not include any payment for the drugs being dispensed. Dispensing fees will vary based upon the negotiated rates with the pharmacies.

Dual-Eligible - Individuals who are eligible for both Medicare and Medicaid.

Federal Ceiling Price (FCP) - The maximum price manufacturers can charge for FSS-listed brand name drugs to the Big 4, even if the FSS price is higher. FCP must be at least 24 percent below the non-Federal average manufacturer price and are not publicly available.

Federal Supply Schedule (FSS) - Multiple award contracts used by Federal agencies, U.S. territories, Indian tribes and other specified entities to purchase supplies and services from outside vendors. ADAPs are not eligible to purchase under this program. FSS prices for the pharmaceutical schedule are negotiated by the Veterans' Administration and are based on the prices that manufacturers charge their "most-favored" non-Federal customers under comparable terms and conditions. Because terms and conditions can vary by drug and vendor, the most-favored customer price may not be the lowest price in the market. FSS prices are publicly available.

Formulary - ADAP drug list that establishes the number of drugs available within a therapeutic class for purposes of drug purchasing, dispensing and/or reimbursement.

- **Closed/restricted formulary** - allows only those drug products listed to be dispensed or reimbursed.
- **Open formulary** - covers all FDA-approved drugs prescribed by a physician with no restrictions or with restrictions such as higher patient cost-sharing requirements for certain drugs.

- **Tiered formulary** - also referred to as "step therapy" and is a cost containment measure that categorizes medications for a particular condition based upon their cost. For example, a tier one medication would be one that is lowest cost and recommended to be used first, unless there are medical restrictions for doing so. Tier two would be a different medication that is prescribed for the same condition as the tier one drug but is more expensive. Step therapy or tiered formularies are most commonly used by ADAPs with medications prescribed for depression, respiratory problems, and opportunistic infections.

Health Resources and Services Administration (HRSA) and the HIV/AIDS Bureau (HAB) - The U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB) administers The Ryan White Program. HAB includes:

- The Office of the Associate Administrator - provides leadership and direction for HRSA's HIV/AIDS programs and activities and oversees collaboration with other national health programs;
- The Division of Service Systems (DSS) - administers Part A (formerly Title I) and Part B (formerly Title II) of the Ryan White Program, including the AIDS Drug Assistance Program (ADAP);
- The Division of Community-Based Programs (DCBP) - administers Part C (formerly Title III) and Part D (formerly Title IV), the HIV/AIDS Dental Reimbursement Program, and the community-based Dental Partnership Program;
- The Division of Training and Technical Assistance (DTTA) - administers planning, training, and technical assistance activities for Ryan White Program grantees. This office also administers the AIDS Education and Training Centers (AETC) Program;
- The Division of Science and Policy (DSP) - serves as HAB's principal source of program data collection and evaluation, the development of

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innovative models of care (Special Programs of National Significance, or SPNS), and the focal point for coordination of program performance activities and development of policy guidance; and

- The Office of Program Support - responsible for administrative and management support.

Health Resources and Services Administration

Project Officers - Project officers are scientific and/or technical staff members who are experts in their content area. They are responsible for ensuring that grants comply with legislative mandates and meet their programmatic objectives. They write program guidances which define the grant program objectives, monitor grantees' performance, and evaluate grantee achievements.

Insurance Continuation - The payment of all or some combination of insurance premiums, co-pays, or deductibles for clients who have existing insurance policies through their current employment, Consolidated Omnibus Budget Reconciliation Act (COBRA) or other supplemental programs. HRSA allows ADAP funds to be used for insurance continuation with certain restrictions.

Insurance Purchasing - The purchase of new insurance policies through the insurance industry market or state high risk insurance pools.

Medicaid Surplus Income Spend Down - Also known as the Medically Needy Program. Some state Medicaid programs require that eligible participants must pay a designated amount out of pocket toward their healthcare costs. The amount is based on the amount by which the person's income exceeds the state's Medicaid income eligibility levels. Once this amount has been paid by the client, their Medicaid benefits begin covering 100 percent of these costs. Ryan White Program funds may NOT be used for Medicaid spend down. However, some ADAPs assist clients with spend down requirements using state funds, or use this requirement to reduce the individual's annual income for program eligibility.

Minority AIDS Initiative (MAI) - Created in 1998 in response to growing concern about the impact of HIV/AIDS on racial and ethnic minorities in the United States, MAI provides funding across several Department of Health and Human Service (DHHS) agencies/programs, including Ryan White, to strengthen organizational capacity and expand HIV-related services in minority communities. The Ryan White component of the MAI was codified in the 2006 reauthorization. In fiscal year 2007, the MAI was funded at \$399.3 million including \$128.5 million through Ryan White.

Office of Pharmacy Affairs (OPA) - A component of HRSA's Healthcare Systems Bureau, the Office of Pharmacy Affairs has three primary functions:

- Administration of the 340B Drug Pricing Program, through which certain federally funded grantees and other safety net health care providers may purchase prescription medication at significantly reduced prices.
- Development of innovative pharmacy services models and technical assistance.
- Serve as a federal resource about pharmacy.

Office of Pharmacy Affairs (OPA) Alternative Method Demonstration Project - A formal process established by OPA to consider the testing of alternative methods of participating in the drug discount program established by section 340B of the PHSA. If successful, the new methods of accessing discounted drugs would be incorporated into the 340B program's published guidelines. Projects that involve one or a combination of the following features are eligible for testing: the development of a network of covered entities, the use of multiple contracted pharmacy services sites, or the utilization of a contracted pharmacy to supplement in-house pharmacy services.

Patient Assistance Programs (PAPs) - Programs through which many pharmaceutical manufacturers provide free or greatly subsidized medications to indigent patients.

Pay and Chase - This occurs when an ADAP pays a prescription bill up front to a retail pharmacy and then requests reimbursement or “bills” a third party payer afterward. For example, John Doe has insurance coverage but ADAP does not have the systems in place to be able to pay only the part of the bill/claim that Mr. Doe would have been responsible for, so ADAP pays the whole claim and sends a bill to John Doe’s insurance company. The insurance company pays ADAP back minus what the individual would have been responsible for (See also back billing).

Pharmacy Benefit Manager (PBM) - An organization that provides administrative services in processing and adjudicating prescription claims for pharmacy benefit programs.

Pharmacy Network - A group of pharmacies where an ADAP client may have their prescriptions filled.

Point of Purchase/Direct Purchasing/Central Drug Purchasing - The 340B discount allows ADAPs that operate a central drug purchasing and dispensing system to receive an upfront discount at the point of sale/point of purchase. ADAPs using this model centrally purchase and dispense medications through their own pharmacy or a single contract pharmacy service provider.

Rebate Option/ Rebate States - These are ADAPs that pay retail pharmacies a pre-determined amount at the point of sale for drugs dispensed to ADAP clients. ADAP then bills drug manufacturers for the 340B Unit Rebate amount for the number of units dispensed. Rebate ADAPs do not typically use a central pharmacy for distribution but have a network of pharmacies across the state from which ADAP clients can access their drugs.

The Ryan White HIV/AIDS Treatment Modernization Act of 2006 - The Ryan White CARE Act, “Title XXVI of the PHS Act as amended by the Ryan White HIV/AIDS Treatment Modernization Act of 2006”, or “Ryan White Program” is the single largest federal program designed specifically for people with HIV/AIDS. First enacted in 1990, it provides care and treatment to individuals and families affected by HIV/AIDS. The Ryan White

Program has five parts - **Part A** (formerly Title I) funds eligible metropolitan areas and transitional grant areas, 75 percent of grant funds must be spent for core services; **Part B** (formerly Title II) funds States/Territories, 75 percent must be spent for core services; **Part C** (formerly Title III) funds early intervention services, 75 percent must be spent for core services; **Part D** (formerly Title IV) grants support services for women, infants, children & youth and **Part F** comprises Special Projects of National Significance, AIDS Education & Training Centers (AETCs), Dental Programs and the Minority AIDS Initiative.

True Out of Pocket Expenditures (TrOOP) - This is the amount of money that a Medicare Part D enrolled client will have to pay from their own money to reach the “catastrophic limit” making Part D the primary payer for medications. Payments for drugs, co-payments, and coinsurance made by the beneficiary, friends, family members, State Pharmacy Assistance Programs, charities, and the Medicare low-income subsidy (LIS) count towards TrOOP costs. Payments for premiums, drugs not on plan formularies, costs incurred by the ADAP, and payments by other types of insurance are not counted as TrOOP costs.

Wrap Around Benefits - The mechanism ADAPs use to assist low-income ADAP clients with costs associated with Medicare Part D. Paying co-payments for medications or monthly premium costs, and covering the beneficiary once they reach the coverage gap, are all considered “wrap-around” services. ADAPs assist eligible clients with these costs so the clients can maintain their eligibility for Medicare Part D drug benefits and, because wrapping around is usually less expensive than providing the HIV/AIDS prescription drugs through ADAP.

340B Ceiling Price - The maximum price that manufacturers can charge covered entities participating in the Public Health Service's 340B Drug Pricing Program. Covered entities receive a minimum discount of 15.1 percent of Average Manufacturer Price (AMP) for brand name drugs and 11 percent of AMP for generic and over-the-counter drugs and are entitled to an additional discount if the price of the drug has increased faster than the rate of inflation.

Covered entities may negotiate lower discounts, i.e., sub-ceiling prices.

340B Covered Entities and Entity Enrollment Process

- Covered entities are those eligible entities or programs authorized by Section 340B of the PHSA to participate in the outpatient discount drug pricing program.

The entity enrollment process is the way through which discounted outpatient drugs are available to covered entities under Section 340B of the PHSA. The enrollment process and a list of programs authorized under Section 340B to participate in the discount drug pricing program can be found at <http://www.hrsa.gov/opa/introduction.htm>.

340B Program - The 340B Drug Pricing Program resulted from enactment of Public Law 102-585, the Veterans Health Care Act of 1992, which is codified as Section 340B of the PHSA. Section 340B limits the cost of drugs to Federal purchasers and to certain grantees of Federal agencies. ADAP is a covered 340B entity and is entitled to the discounted drug prices available to all 340B entities.

340B Prime Vendor Program - The 340B law requires the Department of Health and Human Services (DHHS), to create a "prime vendor" program for the entities in the 340B drug discount program. The prime vendor handles price negotiation and drug distribution responsibilities for those entities that

choose to join the prime vendor. A covered entity does not have to join the prime vendor program in order to participate in the 340B program although covered entities are encouraged to join. HealthCare Purchasing Partners International, Inc. is the current HRSA prime vendor.

Resources:

- National Alliance of State and Territorial AIDS Directors (NASTAD) - www.NASTAD.org
- HRSA HIV/ AIDS Bureau - www.hab.hrsa.gov
- HRSA 340B Prime Vendor Program - www.340bpvp.com/public/
- HRSA Office of Pharmacy Affairs - www.hrsa.gov/opa
- HRSA Target Center - technical assistance for the Ryan White community - <http://careacttarget.org/>
- Kaiser Family Foundation - www.kff.org/hivaids/us.cfm
- Pharmacy Services Support Center - <http://pssc.aphanet.org>
- ADAP listserv sponsored by NASTAD - NASTADTA@NASTAD.org
- Kaiser Family Foundation and National Alliance of State and Territorial AIDS Directors, *National ADAP Monitoring Project Annual Report*. April 2007.
- Ryan White HIV/ AIDS Treatment Modernization Act, Pub. L. No 109-415, (2006).
- Current treatment guidelines - <http://aidsinfo.nih.gov>
- Comprehensive information on ARVs and OI medications - www.aidsmeds.com