



ADAP in Crisis: Additional Funding Needed for FY2010

AIDS Drug Assistance Programs (ADAPs) are discretionarily funded through Part B of the Ryan White Program. All states, territories and the District of Columbia receive funding to provide HIV-related medications to underinsured and uninsured individuals living with HIV/AIDS in their jurisdiction.

FY2010 Funding Situation - Emergency Increase Needed

ADAPs are in dire need of emergency FY2010 funding to continue to serve eligible clients in need of their services. The nation's economic downturn has increased the number of individuals living with HIV/AIDS in need of safety net services provided through the Ryan White Program. ADAPs received an increase of \$20 million through the FY2010 Congressional appropriations process; however, this amount falls far short of what is necessary for ADAPs to clear current waiting lists and curtail implementation of additional cost-containment measures. **Based on a pharmacoeconomic model used for 13 years, ADAPs need an additional \$126 million in FY2010 federal funding for a total of \$961 million to meet current program needs.** The FY2010 need number was revised based upon new survey data and waiting lists totaling 540 individuals as of January 7, 2010.¹ Coupled with estimated state funding, this funding will provide continued services to a total of 153,903 clients in FY2010, including the ability to enroll 15,788 new clients and eliminate waiting lists. This includes individuals who are fully covered by ADAP and those who receive assistance with Medicare Part D cost sharing requirements or private insurance continuation. **The Administration and Congress must step in and provide additional FY2010 funding to ADAPs in need to ensure that eligible individuals receive life-saving and life-sustaining drugs.**

Distribution of Emergency Funding

Any additional FY2010 funding should be directed to the ADAP Supplemental pool of funds. Under current law, five percent of the ADAP earmark is set-aside for ADAP Supplemental funding. This pool of funds, totaling \$40.8 million in FY2009, is distributed to states with program limitations. Each year, the Health Resources and Services Administration (HRSA) determines which states are eligible to apply for ADAP Supplemental funding.² While the eligibility determination has been made for the FY2010 ADAP supplemental pot, HRSA should reexamine eligibility based on more current program restriction data from states. Directing emergency FY2010 funding through the ADAP Supplemental grants ensures that additional funding is not diluted

¹ ADAP waiting lists are constantly changing as additional eligible clients are added to the list and states are able to bring people off the waiting list on enroll them in ADAP services.

² States and territories eligible to apply for ADAP Supplemental grants in FY2010 are: Alabama, Alaska, American Samoa, Arizona, Arkansas, Colorado, Georgia, Guam, Hawaii, Idaho, Illinois, Federated States of Micronesia, Indiana, Iowa, Kentucky, Louisiana, Montana, Nebraska, North Carolina, Northern Mariana Islands, Oklahoma, Oregon, Puerto Rico, South Dakota, South Carolina, Tennessee, Texas, Utah, Virginia, Virgin Islands, West Virginia, Wisconsin and Wyoming.

by being distributed to all states. Additionally this ensures that states can use their existing ADAP structure to reach clients and to purchase drugs at the discounted 340B price and receive additional rebates/ discounts secured through the ADAP Crisis Task Force. This allows any additional funds to stretch as far as possible.

HRSA should request additional information from states applying for the ADAP Supplemental including the amount of additional dollars they believe they need to ensure the continuation of the program based on a financial forecasting process. States should not receive more money through the distribution of the ADAP Supplemental than they believe they need. If dollars are left over after the distribution of the emergency funding, they should be distributed to the remainder of the states through the regular ADAP earmark funds methodology. The current ADAP Supplemental requires that a state match its award on a 1 to 4 basis. States have the ability to request a waiver from this match, but only if they have a match for their Part B base award. Only states with at least 1 percent of the epidemic have a required Part B match. For the emergency funding, all states should be allowed to request a waiver of the match, regardless of their Part B match status.

In FY2011, it is important that any funding states received in FY2010 through the distribution of emergency funding be added to their respective ADAP base funding for calculation of the hold harmless. In addition, the total amount of emergency funding must be added to the Part B program line for appropriations purposes. Emergency funding cannot be one-time funding and must be built in for future years.

Need for Additional Funding

Thirteen states have had to institute or anticipate instituting cost-containment measures such as reducing their eligibility level, cutting drugs from their formulary, instituting annual expenditure caps per client or capping the enrollment. Additionally, as of January 7, 2010 there are currently 540 individuals on waiting lists in nine states. This represents a 1,155 percent increase in 2009 (from 43 people on waiting lists in January 2009). More states are reporting that they will be unable to serve new individuals seeking ADAP services throughout FY2010. A few states have even had to drop existing clients from their rolls due to lack of sufficient resources.

The current economic crisis has heavily impacted ADAPs. Individuals losing jobs and losing insurance have created increased demand for safety net services. In FY2009, ADAPs saw an average monthly growth of 1,271 clients. This is an increase of 80 percent from FY2008 when ADAPs experienced an average monthly growth of 706 clients. This client growth is unprecedented in the program over the last several years.

ADAPs have long had a strong state-federal partnership with states contributing \$329 million in FY2008. However, the economic downturn is forcing states to decrease or eliminate their state support of ADAP. Over the past several years ADAPs have

contributed approximately 20 percent of the overall ADAP budget. However, in FY2009 the state share has fallen to approximately 14 percent. In state FY2009, 26 states HIV/AIDS programs lost over \$170 million in state general revenue funds. A recent survey conducted by NASTAD found that 48 percent of ADAPs experienced funding decreases in state FY2009 and additional cuts are expected in FY2010. Both the National Governors Association and the National Association of State Budget Officers believe the situation for states will not improve in FY2010. A survey by both organizations found that states reduced their General Fund expenditures by 4.8 percent in FY2009 and are expected to reduce General Fund expenditures by at least 4.0 percent in FY2010.

ADAPs Maximizing Purchasing Power

ADAPs are extremely prudent users of dollars – purchasing health insurance when available and receiving the best prices in the country for antiretrovirals. All ADAPs receive 340B pricing, a federal discount program for safety net providers. In addition, agreements between the ADAP Crisis Task Force, which negotiates additional cost-savings for all ADAPs, and pharmaceutical companies have resulted in more than \$220 million in savings for ADAPs in 2008 and over \$850 million since its inception in 2003. An analysis of pricing for antiretrovirals was performed in December 2009. The analysis compared the ADAP price to: the most visible and public price (Average Wholesaler Price - AWP) for drugs in the United States; the price available to eligible entities under the federal 340B program; and the price of drugs in three European countries (Germany, France and Spain) with universal health care and governmental pricing controls. The ADAP price during the 4th quarter of 2009 for the basket of HIV antiretroviral drugs was:

- 56.3 percent less than the Average Wholesaler Price (AWP)
- 34.9 percent less than the lowest European price
- 12.6 percent less than the 340B price

Congress and the Administration Must Act NOW

While anticipated health reform legislation will provide relief to ADAP, it will not occur until at least 2013 or 2014. The Administration and Congress must step in and provide additional FY2010 funding of \$126 million to ADAPs in need to fill these holes and allow them to continue serving HIV-positive individuals in need of their services. The nation's commitment to individuals living with HIV/AIDS and the safety net programs that provide services to them must not be broken.