NASTAD™
NATIONAL ALLIANCE OF STATE & TERRITORIAL AIDS DIRECTORS

President Bush's $20 Million ADAP Initiative

What is the President's $20 million ADAP Initiative?

On June 23, 2004, President Bush announced immediate availability of an additional $20 million[1] in drug therapies for ten states with AIDS Drug Assistance Program (ADAP) waiting lists as of June 21, 2004. The ten states eligible to participate in this program are: Alabama, Alaska, Colorado, Idaho, Iowa, Kentucky, Montana, North Carolina, South Dakota and West Virginia. The Health Resources and Services Administration (HRSA) within the Department of Health and Human Services is coordinating the program with the ten states, which is being administered outside of the regular ADAP structure. HRSA has contracted with a pharmacy benefits manager (PBM) to directly purchase and distribute the drugs to individuals on the waiting lists in the ten states.

What are the details of the President's ADAP Initiative?

As of November 22, 2004, details of the direct purchase program include:

- There were 1,738 slots initially available for the program, allocated only to the ten states by the number of individuals on their respective waiting lists as of June 21, 2004. At time of implementation, in October 2004, 1,349 persons were eligible for this Initiative (this lower number is a result of some ADAPs enrolling eligible clients into their ADAPs, some clients becoming ineligible, or some clients unable to be located, coupled with additional clients presenting for services). It is unclear whether or not new clients who join waiting lists in the 10 states subsequent to implementation will be allowed to join this program.
- Chronimed Inc., a PBM, is administering this program for HRSA. Their contract runs from approximately September 29, 2004 to September 28, 2005, or until the money is expended, whichever comes first.
- Drugs are sent directly to the client or the client's physician by the PBM, with the ADAPs determining initial eligibility for the program.
- The PBM will only purchase drugs that were on the ADAP formularly in the client's state as of June 21, 2004.
- The drugs will not be purchased through the 340B program, the standard drug purchasing mechanism that most ADAPs utilize, or through other cost-saving mechanisms, although Chronimed has the authority to independently negotiate lower prices for these medications. It is believed these negotiations are underway with various pharmaceutical companies. Negotiated discounts, costs of administering the program and dispensing fees have not been disclosed.
- The distribution of the medications to eligible individuals began in October 2004. As of November 22, 2004, states report that 591 individuals have been processed to receive medications as part of this Initiative. HRSA reported on November 18, 2004, that 462 individuals had received 917 prescriptions. Chronimed has indicated a readiness to fill and ship prescriptions once the eligibility process is completed by the state ADAP and prescriptions are received and verified at Chronimed.

[1] The $20 million was derived from reprogramming unused Healthy Communities Access Program funds, a Department of Health and Human Services program that helps communities link services delivered by local safety-net health care providers into coordinated networks serving uninsured and underinsured residents.

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Are ADAPs still in crisis since the announcement of the Initiative?
State ADAPs are ever-changing programs due to a variety of factors, including changes in demand, changes in state Medicaid programs and the variability of state and federal funding. Since the President's announcement, developments that have implications for this program include (as of November 22, 2004):

- Four states, Arkansas, Hawaii, Nebraska and Wyoming (not eligible for the President's Initiative), report a total of 55 people on ADAP waiting lists.
- Thirteen states (11 of which are not eligible for the President's Initiative) report having instituted other cost-containment strategies such as capped enrollment, limited formulary, medication-specific waiting lists, annual or monthly expenditure caps, and cost-sharing (co-pays).
- Six additional states (none eligible for the President's Initiative) report anticipating new or additional cost-containment strategies during ADAP's FY2004 (ending March 31, 2005).
- Colorado, North Carolina, and South Dakota received additional state or federal appropriations that allowed them to clear or substantially decrease their ADAP waiting lists after the Initiative was announced. HRSA has directed, however, that unused slots from the ten states cannot be transferred to ineligible states with severe need in their ADAPs.

What will happen to persons on the direct purchase program in FY2005?
HRSA expects states to begin transitioning persons from the direct purchase program to ADAPs when the FY2005 ADAP fiscal year commences on April 1, 2005. Congress did not, however, provide states funding to bring these persons onto their ADAP rolls, treating the $20 million as a one-time-only expense. Therefore, there is no guarantee that individuals receiving medication through this program will be transitioned into ADAPs when the FY2005 ADAP fiscal year begins on April 1, 2005.

What does NASTAD recommend for transitioning the clients into ADAPs?
Although the $38.7 million increase for ADAPs in the Consolidated Appropriations Act 2005, signed by President Bush on December 7, 2004, provided some relief to the programs, it does not solve the long-term ADAP fiscal crisis. In FY2006, it is estimated that at a minimum a $100 million is needed for ADAPs to maintain fiscal solvency and to enroll new clients in state ADAPs. Supplemental funding during FY2005, through the ADAP earmark, must be provided to the ten states that are included in the President's Initiative so that the individuals covered by this program can be enrolled in ADAP programs and avoid costly treatment interruptions.

What challenges are ADAPs facing regarding funding and funding allocations?

- One-time-only funding for ADAPs may be detrimental to clients as there is no guarantee that states will be able to cover the cost of medications for these individuals to remain on treatment in the long term.
- The increase in the FY2005 ADAP earmark will be distributed using the current allocation formula and therefore will be provided to all states. The formula will not translate into the necessary funding to continue these individuals on therapy as they transition from the President's Initiative to ADAPs.

What is NASTAD doing to address the ADAP crisis?
NASTAD formed the ADAP Crisis Task Force in February 2003 in order to respond to the nationwide fiscal crisis that ADAPs face. Through negotiations with companies that manufacture antiretroviral drugs, the Task Force was successful in obtaining significant and multi-year pricing concessions on HIV/AIDS drugs. NASTAD has reached agreements with ten companies, collectively saving ADAPs and the federal government over $65 million during FY2003, with savings of approximately $87 million anticipated during ADAP's FY2004 ending March 31, 2005.

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