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ADAP as TrOOP—Webinar for State Advocates

Today's Agenda:

1. Welcome and Intro

John Peller, AIDS Foundation of Chicago

2. Overview of Medicare Part D, ADAP and TROOP

John Coburn, Health and Disability Advocates

3. ADAP as TROOP Implementation Overview

*Ann Lefert, National Alliance of State and
Territorial AIDS Directors*

4. Questions and Discussion

Welcome!

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conference line at
1 (866) 206-0240
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everyone can
hear. Press *1 to mute**

ADAP and Medicare Part D Before and After ADAP Counting As TROOP

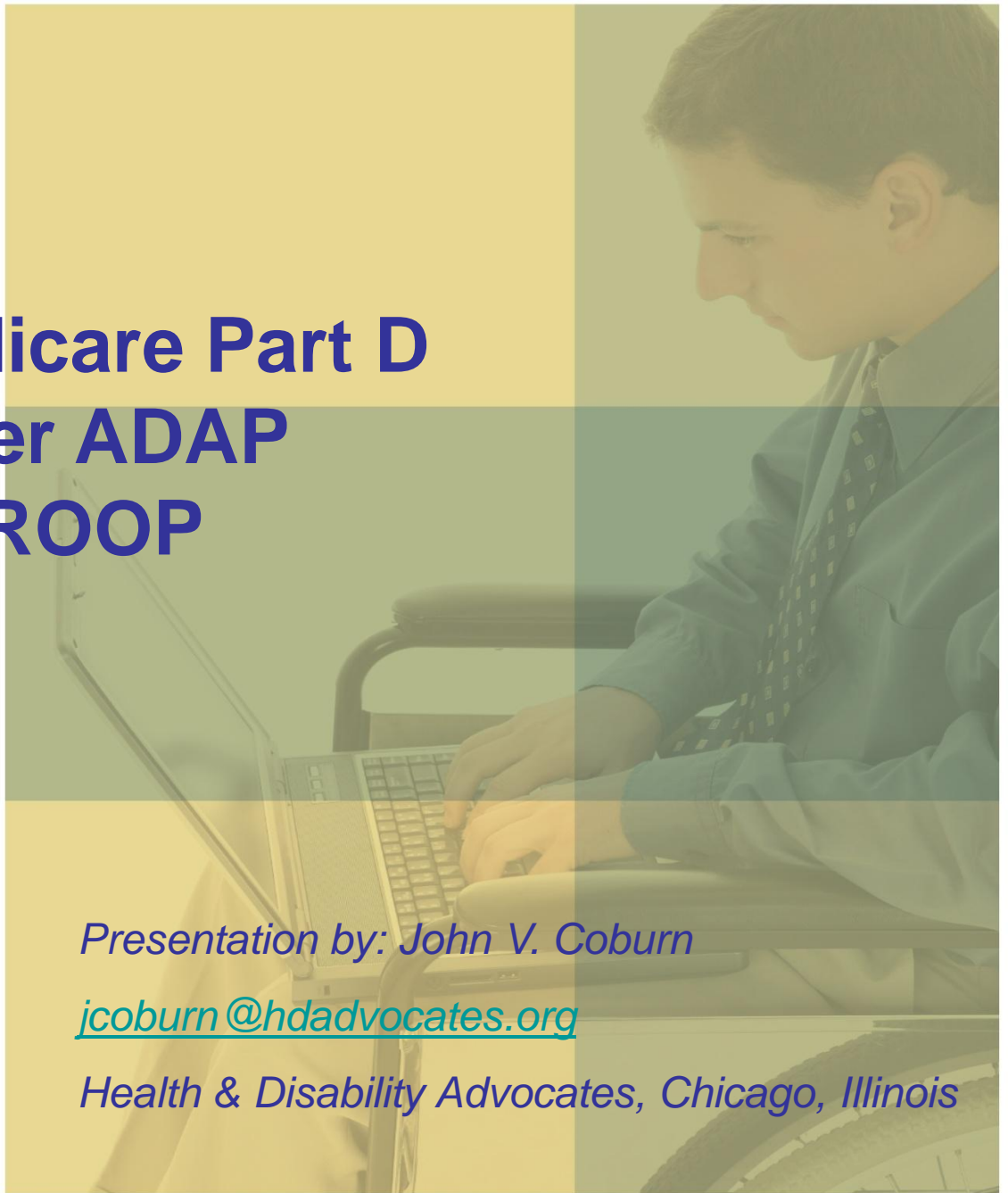
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HD
DA

Presentation by: John V. Coburn

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Health & Disability Advocates, Chicago, Illinois



Who Qualifies for Medicare?

- People age 65 or older
- People with disabilities under 65 (after a 24 month receipt of benefits waiting period) in the Social Security Disability Insurance (SSDI) system
- People with End Stage Renal Disease
- People with ALS

Medicare Basics

- Contains Four Parts: Medicare Part A, B, C and D.
- A is Hospital.
- B is doctor's services.
- C are private plans that either take the place of A and B or take the place of A, B and D.
- D is prescription drug coverage.

Part D's "Set Up"

- Part D is a term that covers private drug plans or Medicare Advantage plans that are approved by the federal government.
- Each plan is different and can cover different drugs at different cost sharing, but within guidelines set by the federal government.
- There is no one standard Part D plan, like there is with Part A and Part B.

Assistance with Part D Costs

- Part D has premiums, a deductible and co-payments.
- “Extra Help” can assist in these costs for people who are on Medicaid, Medicare Savings Programs or low-income.
- Some states also provide assistance through State Pharmaceutical Assistance Programs (SPAPs).

Medicare Part D Cost Structure without Help

- Monthly Premium
 - Initial Coverage Phase
 - Coverage Gap or “Doughnut Hole”
 - Catastrophic Coverage
- Enrollees move through the phases as they utilize the benefit.

Key to Understanding Part D

- **Total Drug Costs:** the cost of a drug under Part D, no matter who pays it.
- **True Out of Pocket Expenses (“TROOP”):** a specific calculation set out in law that includes what a person personally spends toward cost of drugs plus what “others” pay as specified in the law

Monthly Premium

- There is no set Part D premium and the cost depends on the plan.
- Premiums are usually deducted from the SSDI check.
- Extra Help will assist with premiums.
- SPAPs and ADAP can pay premiums and this is a state by state determination.

Initial Coverage

- At the beginning of each calendar year, everybody starts with initial coverage.
- Initial coverage can include a deductible of up to \$310 in 2010.
- Initial coverage usually involves paying a co-payment for drugs on tiers like most insurance programs.
- Once TOTAL DRUG COSTS reach \$2830, initial coverage ends.

Coverage Gap or “Doughnut Hole”

- Once TOTAL DRUG COSTS reach \$2830, the coverage gap begins.
- During this phase, a beneficiary pays 100% of the costs of drugs.
- Some plans provide generics during this phase.
- This phase does not end until TROOP (not total drug costs) reach \$4550 in 2010.

What Counts toward TROOP in 2010?

- What a beneficiary pays out of pocket.
- What a relative or charity pays on behalf of a beneficiary.
- What a State Pharmaceutical Assistance Program (SPAP) pays on behalf of an individual.
- ADAP DOES NOT COUNT TOWARD TROOP THROUGH 2010.

Catastrophic Coverage

- Once TROOP reaches \$4550, catastrophic coverage begins.
- Here, drugs cost \$2.50/\$6.30 or 5%, whichever is greater.
- This continues until the end of the calendar year and then everything resets with new numbers.....

What Can ADAPs do up to 2010?

- Pay premium.
- Pay cost sharing through initial coverage.
- None of this costs counts toward TROOP.
- Put Part D beneficiaries back in ADAP once they reach the coverage gap. But, this leaves people in the doughnut hole with the non-ADAP drugs.
- Create an SPAP that pays the costs so that it counts toward TROOP and gets them to catastrophic coverage.

ADAP SPAPs through 2010

- Prior to this change, states including Illinois, Texas, Virginia, North Carolina, Colorado, and Nevada created SPAPs for HIV positive people so that what they paid counted toward TROOP and didn't leave them in the doughnut hole.
- Beneficiaries in these states had better drug coverage and the states saved money.
- Now that this is federalized, all ADAPs can do this.

What Can ADAPs do in 2011 and beyond?

- Beginning in 2011, ADAP now counts toward TROOP so it can spend people through catastrophic coverage.
- This change means significant savings to ADAP programs and more affordable coverage for beneficiaries.

Example

- Jim is HIV positive and lives in a state without an SPAP in 2010, but his ADAP does help with Part D expenses.
- Jim takes two drugs on the ADAP formulary and one non ADAP drug. He takes one non-ADAP drug that he must get through Part D.
- Jim has enrolled in Part D and all three of his drugs are on his plan formulary.

Before & After: ADAP Drugs

| | 2010 | 2011 |
|--------------------|--|--|
| Initial phase | ADAP pays premium, cost-sharing, deductible (depends on state). | ADAP pays premium, cost-sharing, deductible (depends on state). |
| Coverage gap | Jim pays 100% out of pocket – <i>can't afford so goes back to ADAP.</i> ADAP pays 100% of costs for rest of year. | Jim pays nothing. ADAP pays 100% of cost (counts toward TROOP). |
| After coverage gap | ADAP pays 100% of cost. | Jim pays nothing. ADAP pays 5% co-pay. Medicare pays rest. |

Before & After: Non ADAP Drugs

| | 2010 | 2011 |
|--------------------|---|--|
| Initial phase | Jim pays co-pay. | Jim pays co-pay. |
| Coverage gap | Jim pays 100% out of pocket, probably all year. | Jim may or may not pay 100% depending on when ADAP drugs get him through this phase. |
| After coverage gap | Jim never reaches this phase on Non-ADAP drug. | Jim pays 5% co-pay. |

Savings to ADAP

- In 2010, Jim has to go back to ADAP full-time ADAP pays its price for his drugs for April-December.
- In 2011, ADAP always pays for Jim's ADAP drugs through Part D. When Jim reaches catastrophic, ADAP only pays 5% of the cost of his ADAP drugs.
- ADAPs pay less under this arrangement for each Medicare beneficiary.

Savings Bonus Beginning in 2011

- Under healthcare reform, drug companies will be picking up 50% of the cost of the coverage gap beginning in 2011.
- This 50% counts toward TROOP too.
- TROOP costs to get to catastrophic coverage will decrease from 2014-2019.
- With this, ADAPs can save even more than the SPAPS did through 2010 because the coverage gap is less expensive overall.

ADAP Estimated Costs: Before and After at \$1000 Drug Cost

| | 2010 | 2011 |
|--------------------|---|---|
| Initial phase | ADAP pays up to \$310 and co-pays. | No change. |
| Coverage gap | Participant returns to ADAP at \$1000 per month for about 9 months. | ADAP pays \$500 per month for about 4 months. Drug manufacturer pays \$500. |
| After coverage gap | Not applicable. TOTAL: \$9500* | ADAP pays \$50 per month for 5 months. TOTAL: \$2750* |



Bottom Line

- ADAPs are struggling to meet the need in these hard times.
- ADAP counting as TROOP is a money saver that also gives the Medicare beneficiary a better benefit.
- Advocates have to make sure their state and is ready to take advantage of this on January 1 and enrollees understand what is happening!



Bridging Science, Policy and Public Health

ADAP as TrOOP – What Do States Need to Do to Prepare?

Ann Lefert, Associate Director, Government Relations

ADAP as TrOOP

- This conversation is in its beginning stages
- Savings from ADAP expenditures counting towards TrOOP will differ from state to state
- CMS process is already in place because of infrastructure used for State Pharmaceutical Assistance Programs (SPAP) and other secondary payers for Part D
- NASTAD is working with state ADAPs, CMS and HRSA to ensure necessary technical assistance is provided

ADAP as TrOOP – How does it work?

- Part D plans are required to coordinate benefits with other providers of prescription drug coverage, such as ADAPs
- ADAPs are not responsible for tracking TrOOP costs for clients or Part D plans for purposes of moving through the donut hole
- TrOOP calculation happens at pharmacy/point-of-sale with the CMS TrOOP Facilitation Contractor and the Part D plans

ADAP as TrOOP – How does it work?

- Part D plans are only required to coordinate with other payers that participate in the online coordination of benefits (COB) process (data sharing agreements)
- Payments by ADAPs must be flagged as being from ADAP to ensure that they are counted towards TrOOP

ADAP as TrOOP – What needs to happen?

- To ensure that the process works ADAPs must have an electronic point-of-sale process in place:
 - Pharmacy Benefits Manager (PBM)
 - Agreements with retail pharmacies for split-billing
 - Other contractors to facilitate process
- States must also sign a *Supplemental Drug Program Data Sharing Agreement* to ensure their expenditures are counted correctly

ADAP as TrOOP – What needs to happen?

- If ADAPs do not have electronic point-of-sale capabilities they must implement this infrastructure
- If your state has an existing State Pharmaceutical Assistance Program (does not have to be HIV-specific) that is a good place for ADAPs to seek assistance.
 - Might be possible to use existing infrastructure.

ADAP as TrOOP – Unanswered Questions?

- For states with no current capacity to facilitate this process there will be costs involved, but depends on state specifics.
- The HIV/AIDS Bureau of HRSA (which administers Ryan White) has not yet said anything regarding ADAP as TrOOP.

Thank You!

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