

Estimated Local Impact of ADAP Proposed Rule Changes

**Report to the Priority and Allocations Committee
Houston Area Ryan White Planning Council**

June 9, 2003

At the request of the Priority and Allocations Committee of the Houston Ryan White Planning Council, the Ad Hoc ADAP committee has evaluated the potential cost impacts on the Houston EMA of proposed rule changes for the Texas ADAP Program. Many assumptions have been made to create this report such as:

1. Only one of these five options will ultimately be implemented by TDH in FY 2004.
2. TDH has accurately estimated the impacts statewide of these various options. Data provided by TDH in a draft report entitled “Strategies to Meet the Texas HIV Medication Program’s (THMP) Projected Funding Shortfall In Fiscal Year 2004-05” has been used as a model for developing this report.
3. Approximately 100 new clients within the EMA apply for ADAP participation each month, about 50 each at Thomas Street Clinic and The Assistance Fund. This number is assumed to remain constant.
4. The current population of 9117 individuals within CPCDMS is representative of the population applying for ADAP participation.
5. The TDH estimated current cost per ADAP client in the Houston EMA is \$5,363 annually, or \$447 per month.
6. Individuals that enter the local program stay in the local program.

As stated above, TDH has estimated a current cost per client in the Houston area of \$5,363. This figure may not represent all 3,755 current clients being covered for 12 full months of medication. It may be assumed that this figure includes individuals who leave the program part way through the year due to changes in insurance, health condition, or simply dropping out. These factors make it extremely difficult to accurately project local impact of changes at the State level.

Because of this, several of the options are addressed using a range as a measure of local impact. The low end of the range uses the figure of \$5,363 per client offered by TDH, while the high end of the range was developed using data from the local drug assistance program (The Assistance Fund). This local data was developed using the following assumptions:

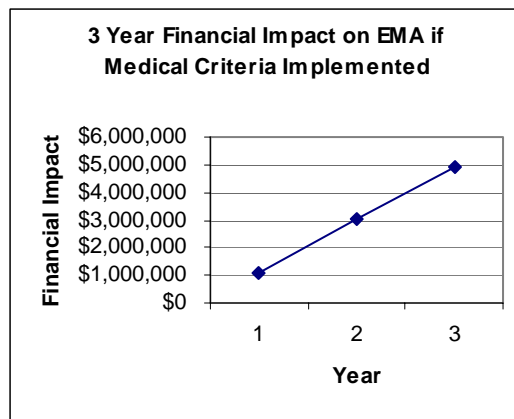
1. It does not include a dropout rate for program participants. All those enrolled remain in the program and receive monthly prescriptions.
2. The average cost per client of \$824 per month was developed by finding the average cost of 19 frequently prescribed HIV related medications (including the cost of administration) and assuming an average of 3 medications per client (the local program’s current average).
3. The administrative fee was estimated using a current unduplicated client count and current administrative costs. New costs related to possible changes in the program to handle a potentially larger service are not included.
4. The existing program will change from one offering temporary assistance to one offering ongoing assistance to all qualified clients.

Option 1: Medical Criteria

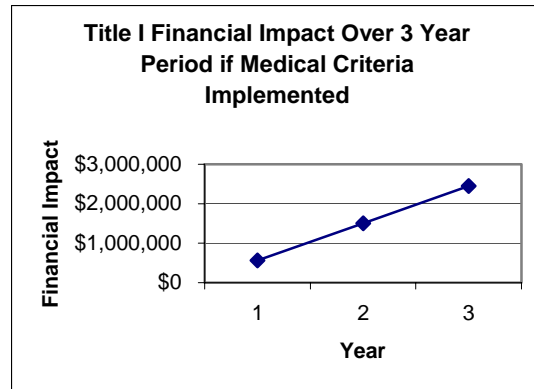
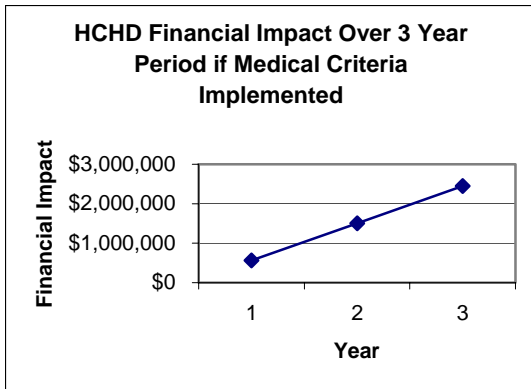
Assuming an estimate of 100 new clients per month (50 HCHD and 50 Title I), and assuming that our clients are similar to those statewide in progression of disease upon application to ADAP, 32 clients each month would no longer qualify for ADAP using medical criteria proposed by TDH. This is based on TDH data stating that 68% of current enrolling clients have a CD4 less than 350 or a viral load greater than 55,000. This also assumes medical criteria will be the same as noted in this analysis. **Table 1** below shows estimated impact locally of 32 new patients per month if the EMA decided to cover those additional 32 patients. **Note that the financial impact on Title I is half the amount shown on the Table. Graphs show the minimum impact on EMA/local resources.**

Table 1: Impact to EMA for Covering 32 additional clients/month if medical criteria not implemented locally.

Month	New Clients	Total Clients	Monthly Cost per Additional Client	Total Monthly Cost Per 32 Additional Clients	Cumulative Total
1	32	32	\$447 - \$824	\$14,304 - \$26,368	\$14,304 - \$26,368
2	32	64	\$447 - \$824	\$14,304 - \$26,368	\$28,608 - \$52,736
3	32	96	\$447 - \$824	\$14,304 - \$26,368	\$42,912 - \$79,104
4	32	128	\$447 - \$824	\$14,304 - \$26,368	\$57,216 - \$105,472
5	32	160	\$447 - \$824	\$14,304 - \$26,368	\$71,520 - \$131,840
6	32	192	\$447 - \$824	\$14,304 - \$26,368	\$85,824 - \$158,208
7	32	224	\$447 - \$824	\$14,304 - \$26,368	\$100,128 - \$184,576
8	32	256	\$447 - \$824	\$14,304 - \$26,368	\$114,432 - \$210,944
9	32	288	\$447 - \$824	\$14,304 - \$26,368	\$128,736 - \$237,312
10	32	320	\$447 - \$824	\$14,304 - \$26,368	\$143,040 - \$263,680
11	32	352	\$447 - \$824	\$14,304 - \$26,368	\$157,344 - \$290,048
12	32	384	\$447 - \$824	\$14,304 - \$26,368	\$171,648 - \$316,416
Total					\$1,115,712 - \$2,056,704



(See charts on P.3)



Options 2 & 3: Temporarily cease enrollment of all new clients that reside in Texas Title I EMAs, and, Temporarily cease enrollment of all new clients.

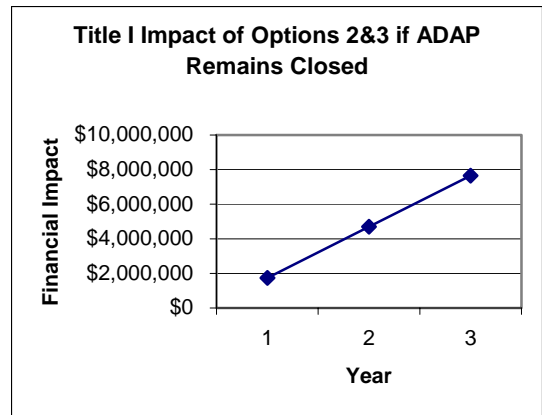
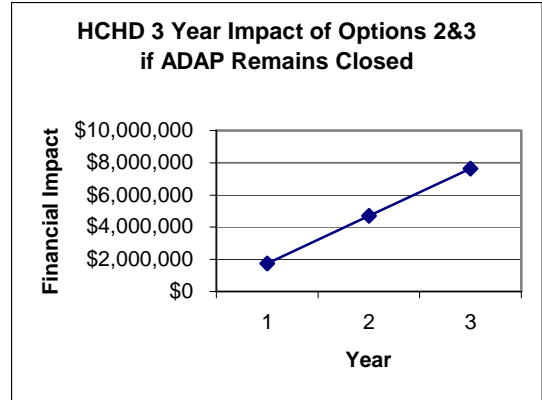
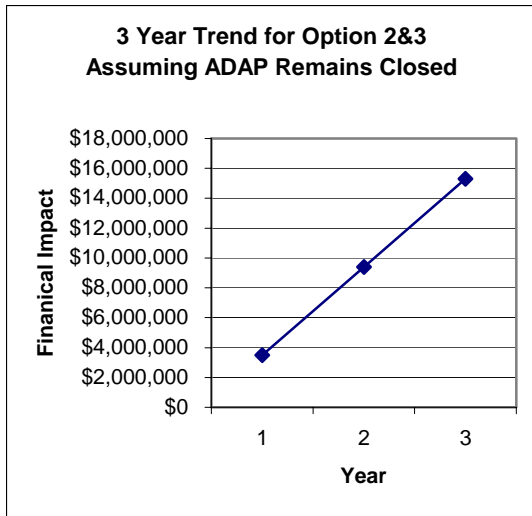
Both of these options will have the same potential local impact. **Table 2** shows the impact of 100 new clients per year on the Harris County Hospital District and the local medication assistance program. It assumes a change in the local medication program of providing on-going assistance without a time limitation for program participation.

Estimating 100 new clients per month, average annual ADAP cost per client in the Houston EMA of \$5,363 (\$447/month). **Note that the financial impact on Title I is half the amount shown in the Table. Graphs show the minimum impact on EMA/local resources.**

Table 2: Options 2 & 3 – Impact of closing program for up to 1 year (new clients).

Month	New Clients	Total Clients	Monthly Cost per Additional Client	Total Monthly Cost Per 100 Additional Clients	Cumulative Total
1	100	100	\$447 - \$824	\$44,700 - \$82,400	\$44,700 - \$82,400
2	100	200	\$447 - \$824	\$44,700 - \$82,400	\$89,400 - \$164,800
3	100	300	\$447 - \$824	\$44,700 - \$82,400	\$134,100 - \$247,200
4	100	400	\$447 - \$824	\$44,700 - \$82,400	\$178,800 - \$329,600
5	100	500	\$447 - \$824	\$44,700 - \$82,400	\$223,500 - \$412,000
6	100	600	\$447 - \$824	\$44,700 - \$82,400	\$268,200 - \$494,400
7	100	700	\$447 - \$824	\$44,700 - \$82,400	\$312,900 - \$576,800
8	100	800	\$447 - \$824	\$44,700 - \$82,400	\$357,600 - \$659,200
9	100	900	\$447 - \$824	\$44,700 - \$82,400	\$402,300 - \$741,600
10	100	1000	\$447 - \$824	\$44,700 - \$82,400	\$447,000 - \$824,000
11	100	1100	\$447 - \$824	\$44,700 - \$82,400	\$491,700 - \$906,400
12	100	1200	\$447 - \$824	\$44,700 - \$82,400	\$536,400 - \$988,800
Total					\$3,486,600 - \$6,427,200

Although it is highly unlikely that ADAP would remain closed for an extended period of time, the charts below are presented as an example of the cumulative nature of the financial impact due to long-term closure.



Option 4: Implement client fees based upon income

Assuming the same estimation of 100 new clients per month (50 HCHD, 50 Title I), CPCDMS data was used as a representative population. Current client incomes were stratified using the same % of FPL categories noted by TDH that resulted in the percent of clients currently falling in each category. This percent was applied to the 100 new clients per month to figure a total monthly impact. This analysis assumes several scenarios: 1) all clients would need to go to the local drug assistance program for help in making these payments, 2) 90% of all clients would need assistance, 3) 75% of all clients would need assistance, and 4) 50% of all clients would need assistance. The impact is noted in the tables below. **Table 3** was used as a representative sample population. Percentages in the table were applied to the estimated 1200 new clients. **Tables 4 and 5** follow the format of a table created by TDH to document financial impact for “client cost sharing” (co-pays), with the second half of the table estimating local cost impact using the scenarios described above. **Table 4** addresses the impact of EXISTING local clients in ADAP, while **Table 5** looks at 100 new clients/month (a total of 1200/year). **Table 6**

shows the cumulative financial impact of new clients the first year. **Note that the financial impact of this option will fall only on Title 1.**

Table 3: CPCDMS Sample Population income percentages used to estimate co-pay impact (all incomes above \$26,580 not included)

ADAP Cost Share Income

Income Categories	Number of Clients	Percent
\$0 - \$8,856	6052	69.1
\$8,857 - \$11,076	785	9.0
\$11,077 - \$13,296	509	5.8
\$13,297 - \$15,504	460	5.3
\$15,505 - \$17,724	331	3.8
\$17,725 - \$22,152	378	4.3
\$22,153 - \$26,580	241	2.8
Total	8756	100.0

Table 4: Local impact of implementing client cost sharing (co-pays) assuming 0 collections (for existing local ADAP clients: n=3,755).

% of FPL	100% or less	101%-125%	126%-150%	151%-175%	176%-200%	201%-250%	251%-300%
Family Size	1	1	1	1	1	1	1
Monthly income	\$738 or less	\$739-\$923	\$924-\$1,108	\$1,109-\$1,292	\$1,293-\$1,477	\$1,478-\$1,846	\$1,847-\$2,215
Client pays monthly	\$0	\$20	\$30	\$40	\$50	\$60	\$70
Client pays annually	\$0	\$240	\$360	\$480	\$600	\$720	\$840
Number of Clients	2591 69%	338 9%	225 6%	188 5%	150 4%	150 4%	113 3%

Client Cost Shares	100% or less	101%-125%	126%-150%	151%-175%	176%-200%	201%-250%	251%-300%	Total impact on local assistance
0% Collected		\$81,120	\$81,000	\$90,240	\$90,000	\$108,000	\$94,920	\$545,280
10% Collected		\$73,008	\$72,900	\$81,216	\$81,000	\$97,200	\$85,428	\$490,752
25% Collected		\$60,840	\$60,750	\$67,680	\$67,500	\$81,000	\$71,190	\$408,960
50% Collected		\$40,560	\$40,500	\$45,120	\$45,000	\$54,000	\$47,460	\$272,640

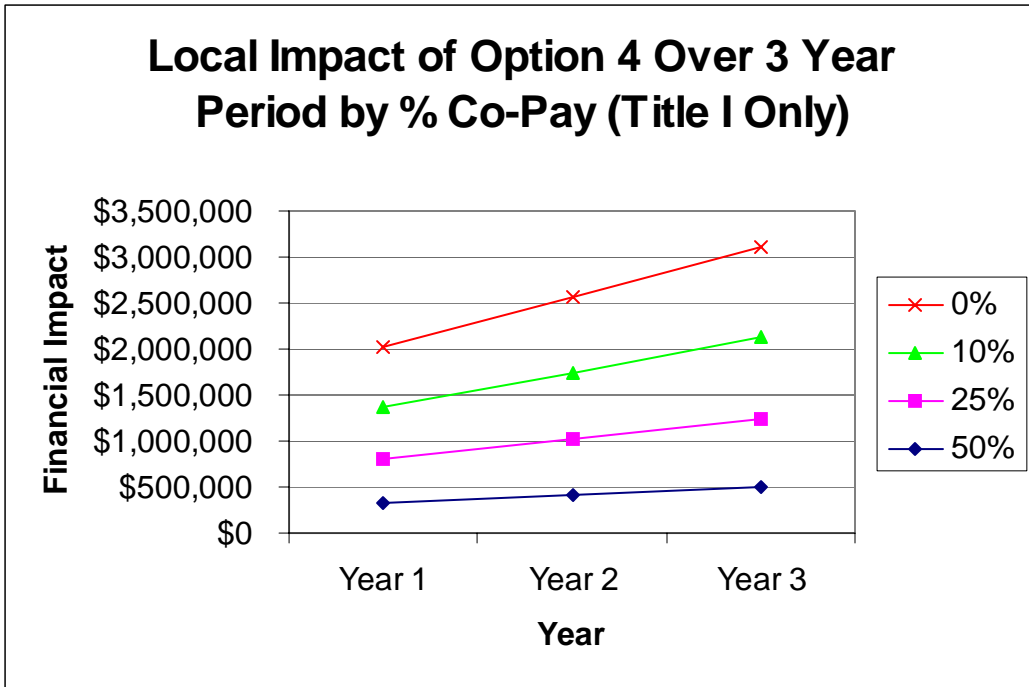
Table 5: Local impact of implementing client cost sharing (co-pays) assuming 0 collections (for 1200 clients/year).

% of FPL	100% or less	101%-125%	126%-150%	151%-175%	176%-200%	201%-250%	251%-300%
Family Size	1	1	1	1	1	1	1
Monthly income	\$738 or less	\$739-923	\$924-1,108	\$1,109-1,292	\$1,293-1,477	\$1,478-1,846	\$1,847-2,215
Client pays monthly	\$0	\$20	\$30	\$40	\$50	\$60	\$70
Client pays annually	\$0	\$240	\$360	\$480	\$600	\$720	\$840
Number of Clients	828 69%	108 9%	72 6%	60 5%	48 4%	48 4%	36 3%

Client Cost Shares	100% or less	101%-125%	126%-150%	151%-175%	176%-200%	201%-250%	251%-300%	Total impact on local assistance
0% Collected		\$25,920	\$25,920	\$28,800	\$28,800	\$34,560	\$30,240	\$174,240
10% Collected		\$23,328	\$23,328	\$25,920	\$25,902	\$31,104	\$27,216	\$156,820
25% Collected		\$19,440	\$19,440	\$21,600	\$21,600	\$25,920	\$22,680	\$130,680
50% Collected		\$12,960	\$12,960	\$14,400	\$14,400	\$17,280	\$15,120	\$87,120

Table 6: Cumulative financial impact of 372 new clients in the first year of Option 4 at a 0% collection rate

Month	New Clients	Total Clients	Monthly Cost/Additional Client	Total Monthly Cost Per 31 Additional Clients	Cumulative Total
1	31	31	\$39	\$1,209	\$1,209
2	31	62	\$39	\$1,209	\$2,418
3	31	93	\$39	\$1,209	\$3,627
4	31	124	\$39	\$1,209	\$4,836
5	31	155	\$39	\$1,209	\$6,045
6	31	186	\$39	\$1,209	\$7,254
7	31	217	\$39	\$1,209	\$8,463
8	31	248	\$39	\$1,209	\$9,672
9	31	279	\$39	\$1,209	\$10,881
10	31	310	\$39	\$1,209	\$12,090
11	31	341	\$39	\$1,209	\$13,299
12	31	372	\$39	\$1,209	\$14,508
Total					\$94,302



Option 5: Lower the financial eligibility criteria to some level but not lower than 125% of FPL.

Assuming the same estimation of 100 new clients per month (50 HCHD, 50 Title 1), CPCDMS data was used as a representative population. Two sets of tables look at 2 options, the first option assuming that the local medication assistance program keeps its current 500% eligibility criteria (**Tables 8, 9, and 10**), the second assumes a lower 200% eligibility criteria (**Tables 11 and 12**). Current incomes were stratified using the same income eligibility categories used by TDH in the cited document; 200%, 185%, and 150%.

This stratification was applied to the monthly estimate of new clients, with the results presented in **Table 7** below. **Tables 8, 9, and 10** show the local impact of TDH setting eligibility at 150% or 185% FPL respectively, assuming the local program sets eligibility at 500%. **Tables 11 and 12** show the impact using the same FPL with a local eligibility of 200%.

Note that the financial impact on Title I is half the amount shown in the Table. Graphs show the minimum impact on EMA/local resources.

Table 7: CPCDMS Sample Population income percentages used to estimate income eligibility change impact

ADAP Income Eligibility %FPL

%Federal Poverty Level (FPL)	Number of Clients	Percent
150% FPL = \$12,885	7242	79.9
185% FPL = \$15,891	655	7.2
200% FPL = \$17,180	195	2.2
500% FPL = \$42,950	968	10.7
Total	9060	100.0

Table 8: Lowering Ceiling on Income Eligibility based upon % FPL (based upon 1200 clients/year) assuming State criteria of 150% and local criteria of 500% which is 20% of our current client population.

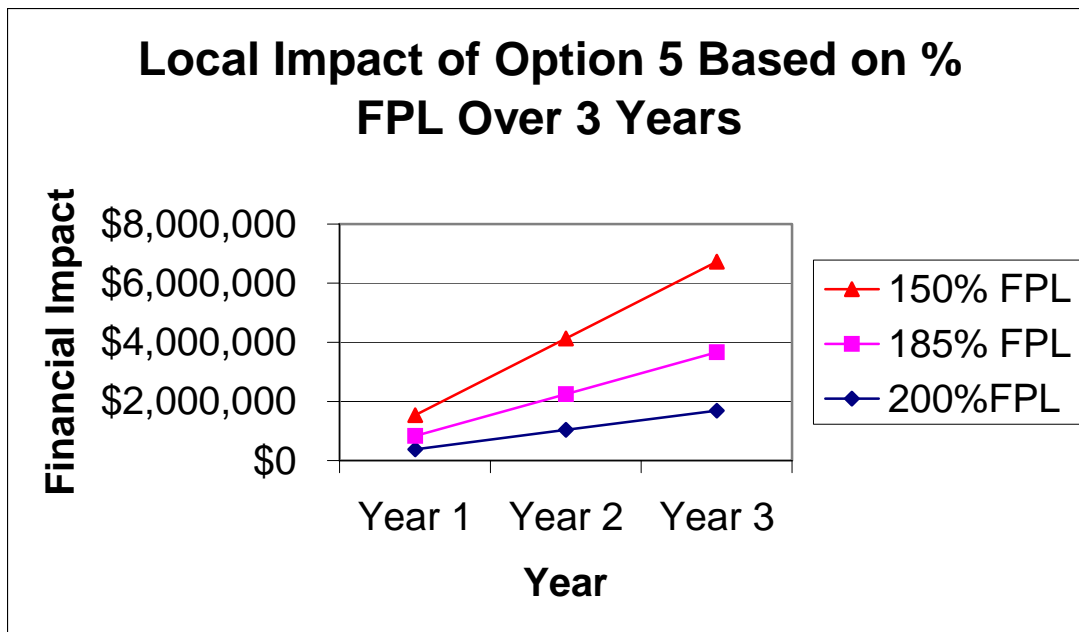
Month	New Clients	Total Clients	Monthly Cost per Additional Client	Total Monthly Cost Per 20 Additional Clients	Cumulative Total
1	20	20	\$447 - \$824	\$8,940 - \$16,480	\$8,940 - \$16,480
2	20	40	\$447 - \$824	\$8,940 - \$16,480	\$17,880 - \$32,960
3	20	60	\$447 - \$824	\$8,940 - \$16,480	\$26,820 - \$49,440
4	20	80	\$447 - \$824	\$8,940 - \$16,480	\$35,760 - \$65,920
5	20	100	\$447 - \$824	\$8,940 - \$16,480	\$44,700 - \$82,400
6	20	120	\$447 - \$824	\$8,940 - \$16,480	\$53,640 - \$98,880
7	20	140	\$447 - \$824	\$8,940 - \$16,480	\$62,580 - \$115,360
8	20	160	\$447 - \$824	\$8,940 - \$16,480	\$71,520 - \$131,840
9	20	180	\$447 - \$824	\$8,940 - \$16,480	\$80,460 - \$148,320
10	20	200	\$447 - \$824	\$8,940 - \$16,480	\$89,400 - \$164,800
11	20	220	\$447 - \$824	\$8,940 - \$16,480	\$98,340 - \$181,280
12	20	240	\$447 - \$824	\$8,940 - \$16,480	\$107,280 - \$197,760
Total					\$697,320 - \$1,285,440

Table 9: Lowering Ceiling on Income Eligibility based upon % FPL (based upon 1200 clients/year) assuming State criteria of 185% and local criteria of 500% which is 13% of our current client population.

Month	New Clients	Total Clients	Monthly Cost per Additional Client	Total Monthly Cost Per 13 Additional Clients	Cumulative Total
1	13	13	\$447 - \$824	\$5,811 - \$10,712	\$5,811 - \$10,712
2	13	26	\$447 - \$824	\$5,811 - \$10,712	\$11,622 - \$21,424
3	13	39	\$447 - \$824	\$5,811 - \$10,712	\$17,433 - \$32,136
4	13	52	\$447 - \$824	\$5,811 - \$10,712	\$23,244 - \$42,848
5	13	65	\$447 - \$824	\$5,811 - \$10,712	\$29,055 - \$53,560
6	13	78	\$447 - \$824	\$5,811 - \$10,712	\$34,866 - \$64,272
7	13	91	\$447 - \$824	\$5,811 - \$10,712	\$40,677 - \$74,984
8	13	104	\$447 - \$824	\$5,811 - \$10,712	\$46,488 - \$85,696
9	13	117	\$447 - \$824	\$5,811 - \$10,712	\$52,299 - \$96,408
10	13	130	\$447 - \$824	\$5,811 - \$10,712	\$58,110 - \$107,120
11	13	143	\$447 - \$824	\$5,811 - \$10,712	\$63,921 - \$117,832
12	13	156	\$447 - \$824	\$5,811 - \$10,712	\$69,732 - \$128,544
Total					\$453,258 - \$835,536

Table 10: Lowering Ceiling on Income Eligibility based upon % FPL (based upon 1200 clients/year) assuming State criteria of 200% and local criteria of 500% which is 11% of our current client population.

Month	New Clients	Total Clients	Monthly Cost per Additional Client	Total Monthly Cost Per 11 Additional Clients	Cumulative Total
1	11	11	\$447 - \$824	\$4,917 - \$9,064	\$4,917 - \$9,064
2	11	22	\$447 - \$824	\$4,917 - \$9,064	\$9,834 - \$18,128
3	11	33	\$447 - \$824	\$4,917 - \$9,064	\$14,751 - \$27,192
4	11	44	\$447 - \$824	\$4,917 - \$9,064	\$19,668 - \$36,256
5	11	55	\$447 - \$824	\$4,917 - \$9,064	\$24,585 - \$45,320
6	11	66	\$447 - \$824	\$4,917 - \$9,064	\$29,502 - \$54,384
7	11	77	\$447 - \$824	\$4,917 - \$9,064	\$34,419 - \$63,448
8	11	88	\$447 - \$824	\$4,917 - \$9,064	\$39,336 - \$72,512
9	11	99	\$447 - \$824	\$4,917 - \$9,064	\$44,253 - \$81,576
10	11	110	\$447 - \$824	\$4,917 - \$9,064	\$49,170 - \$90,640
11	11	121	\$447 - \$824	\$4,917 - \$9,064	\$54,087 - \$99,704
12	11	132	\$447 - \$824	\$4,917 - \$9,064	\$59,004 - \$108,768
Total					\$383,526 - \$706,992



(See charts on P.12)

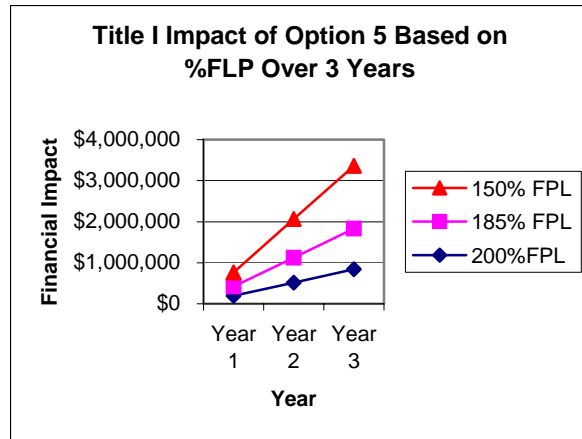
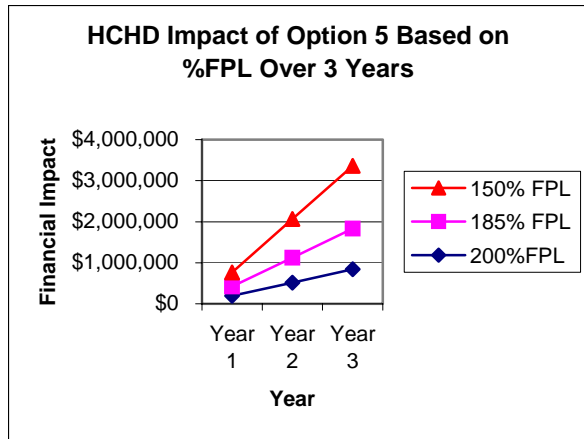
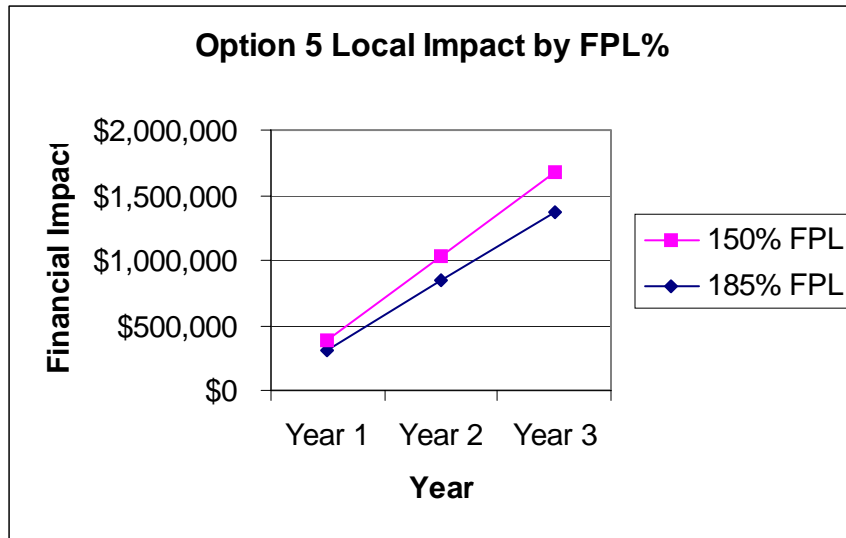


Table 11: Lowering Ceiling on Income Eligibility based upon % FPL (based upon 1200 clients/year) assuming State criteria of 150% and local criteria of 200% which is 9% of our current client population.

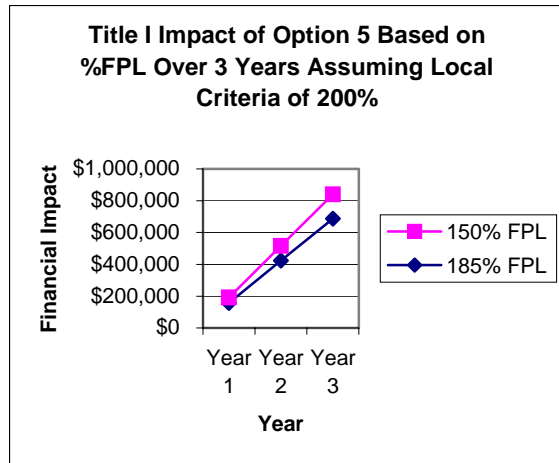
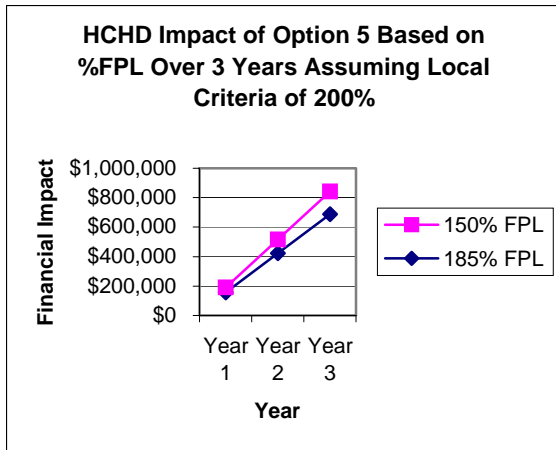
Month	New Clients	Total Clients	Monthly Cost per Additional Client	Total Monthly Cost Per 9 Additional Clients	Cumulative Total
1	9	9	\$447 - \$824	\$4,023 - \$7,416	\$4,023 - \$7,416
2	9	18	\$447 - \$824	\$4,023 - \$7,416	\$8,046 - \$14,832
3	9	27	\$447 - \$824	\$4,023 - \$7,416	\$12,069 - \$22,248
4	9	36	\$447 - \$824	\$4,023 - \$7,416	\$16,092 - \$29,664
5	9	45	\$447 - \$824	\$4,023 - \$7,416	\$20,115 - \$37,080
6	9	54	\$447 - \$824	\$4,023 - \$7,416	\$24,138 - \$44,496
7	9	63	\$447 - \$824	\$4,023 - \$7,416	\$28,161 - \$51,912
8	9	72	\$447 - \$824	\$4,023 - \$7,416	\$32,184 - \$59,328
9	9	81	\$447 - \$824	\$4,023 - \$7,416	\$36,207 - \$66,744
10	9	90	\$447 - \$824	\$4,023 - \$7,416	\$40,230 - \$74,160
11	9	99	\$447 - \$824	\$4,023 - \$7,416	\$44,253 - \$81,576
12	9	108	\$447 - \$824	\$4,023 - \$7,416	\$48,276 - \$88,992
Total					\$313,794 - \$578,448

Table 12: Lowering Ceiling on Income Eligibility based upon % FPL (based upon 1200 clients/year) assuming State criteria of 185% and local criteria of 200% which is 2% of our current client population.

Month	New Clients	Total Clients	Monthly Cost per Additional Client	Total Monthly Cost Per 2 Additional Clients	Cumulative Total
1	2	2	\$447 - \$824	\$894 - \$1,648	\$894 - \$1,648
2	2	4	\$447 - \$824	\$894 - \$1,648	\$1,788 - \$3,296
3	2	6	\$447 - \$824	\$894 - \$1,648	\$2,682 - \$4,944
4	2	8	\$447 - \$824	\$894 - \$1,648	\$3,576 - \$6,592
5	2	10	\$447 - \$824	\$894 - \$1,648	\$4,470 - \$8,240
6	2	12	\$447 - \$824	\$894 - \$1,648	\$5,364 - \$9,888
7	2	14	\$447 - \$824	\$894 - \$1,648	\$6,258 - \$11,536
8	2	16	\$447 - \$824	\$894 - \$1,648	\$7,152 - \$13,184
9	2	18	\$447 - \$824	\$894 - \$1,648	\$8,046 - \$14,832
10	2	20	\$447 - \$824	\$894 - \$1,648	\$8,940 - \$16,480
11	2	22	\$447 - \$824	\$894 - \$1,648	\$9,834 - \$18,128
12	2	24	\$447 - \$824	\$894 - \$1,648	\$10,728 - \$19,776
Total					\$69,732 - \$128,544



(See charts on P.14)



Information Sources:

- 1 Texas Department of Health estimate of Houston EMA annual cost per client
- 2 Texas Department of Health “Strategies to Meet the Texas HIV Medication Program’s (THMP) Projected Funding Shortfall in Fiscal Year 2004-05
- 3 CPCDMS
- 4 The Assistance Fund, estimated figures from Title 1 funded local drug assistance program

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