Department of Health

2023-25 Regular Budget Session

Policy Level - DI - HIV Pharmaceutical Drug Rebates

Agency Recommendation Summary

The Department of Health requests a dedicated account to increase health care and support services for people living with HIV in Washington State. The dedicated account will make it possible to spend rebate revenue over the next five years and provide fiscal stability for new contractors. The account will also make opportunities for service innovations to improve health outcomes and reduce disparities for Black American/African Born and Hispanic Latina/o/x individuals living with HIV. The efficiency of the dedicated account offers longer-term investments from DOH to communities where people living with HIV live and creates new opportunities for innovation and efficiency to improve health outcomes and reduce long maintained disparities.

Fiscal Summary

Fiscal Summary *Dollars in Thousands*	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Staffing						
FTEs	9.0	9.0	**9.0**	9.0	9.0	**9.0**
Operating Expenditures						
Fund HPR - 6	$50,395	$50,354	**$100,749**	$50,354	$50,354	**$100,708**
Total Expenditures	**$50,395**	**$50,354**	**$100,749**	**$50,354**	**$50,354**	**$100,708**
Revenue						
HPR - 0441	$84,610	$46,086	**$130,696**	$46,086	$46,086	**$92,172**
Total Revenue	**$84,610**	**$46,086**	**$130,696**	**$46,086**	**$46,086**	**$92,172**

Decision Package Description

Create an account for the pharmaceutical rebate revenue generated by the purchase of medications for people living with HIV who are enrolled in the early intervention program; and adding a new section to chapter 43.70 RCW.

The Department of Health (DOH) is unable to spend all revenue received annually by pharmaceutical rebates because revenue outpaces legislatively restricted local spending authority. As a result, unspent revenue from pharmaceutical rebates automatically makes the program out of federal compliance and generates unspent revenue that could be used for program efforts to improve health outcomes for people living with HIV and reduce new HIV infections. Lack of compliance risks reduction in future federal awards as penalty and rebate funds generated must, by federal statute, be used for approved services for people living with HIV. DOH is requesting the creation of a non-appropriated fund account for the local/rebate revenue generated by the purchase of HIV and other medications for people living with HIV and enrolled in the early intervention program. Pharmaceutical rebates generated in this manner must be administered using the same guidance as our federal award and can ***only*** be used for services which are defined in our federal award and strictly regulated and subject to U.S. Department of Health & Human Services Health Resources & Services Administration (HRSA)approval. Creating non-appropriated account for this revenue allows for the extreme fluctuation of these funds annually and accommodates for difficulty budgeting until revenue is raised. The program has been coming to legislature for an increase in local spending authority almost every session since 2015. The creation of a non-appropriated account appears to be a solution that would reduce staff and legislative effort while still providing transparency for the funds available and their use.

By creating a non-appropriated account, the program will be able to ensure compliance with the Ryan White Federal Funder of last resort policy by being able to expend all revenue prior to expending federal funds.? Each year the DOH must request additional private local authority which delays services to qualifying patients. The account creation eliminates the need to request additional spending authority each year, will give stability to the program and allow the program to distribute an increased funds in same year received. This will continue to reduce racial and ethnic disparities, as well as to support limited-service capacity areas in several rural communities where people living with HIV have access to fewer health care providers managing HIV infections, longer wait times and transportation needs for appointments and care.
Additionally, with on-going approval of spending DOH can implement a 5-year program plan to allow for use of these funds that will provide community stability and increase the likelihood that we can recruit viable vendors able to provide consistent services over time. The current funding model limits the program's ability to guarantee funding over time.

DOH has previously tried to address the spending authority issues by requesting increased authority through decision packages each year but, this delays services to patients.? The federal Ryan White grant is a funder of last resort and all pharmaceutical rebates received must be spent prior to expending the federal grant.

If DOH is in a position of not being able to spend our federal grant, as we can't spend the increased revenue due to authority level issues, the only option is to reduce services to HIV clients if spending authority is not received.
Also, yearly spending authority requests do not allow the program to implement a longer-term plan for comprehensive services across the state. Our timelines currently are limited to an annual or biennial approval. This does not allow DOH to fully implement innovative and comprehensive services for those in areas with limited capacity and resources. A five-year plan with the non-appropriated account will give the program consistency and strong incentive to recruit community providers and clinicians with guaranteed funding.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

DOH Office of Infectious Disease has the revenue and project revenue to cover the expenditures related to this request.

This proposal includes $77,986,000 for 23-25 biennial expenditures to maintain current baseline spending. $20,873,000 for 23-25 biennial costs related to expanded services within current service categories and $1,889,000 23-25 biennial expenditures for increased FPL level.

Detailed Assumptions and Calculations:

DOH Office of Infectious Disease has the revenue and project revenue to cover the expenditures related to this request.

This proposal includes $77,986,000 for 23-25 biennial expenditures to maintain current baseline spending. $20,873,000 for 23-25 biennial costs related to expanded services within current service categories and $1,889,000 23-25 biennial expenditures for increased FPL level.

This proposal provides us an opportunity to increase the funding available statewide to contracted vendors. The services still must be provided to those living with HIV or to identify those with HIV whose status is unknown. The services eligible to be provided are also limited to those included with the Ryan White Program federal statute. No new services or types of services are eligible beyond those currently funded. These funding with increase the funds available, increase funds to underserved areas and provides increased services to those experiencing access barriers and challenges within the current service delivery model.

$20.873M Biennial Budget Detail:

Over 90% of the expanded services expenditures will be passed thru to partners as part of the funding awarded during DOHs new competitive contracting process to award contracts for the time period beginning July 1, 2023, thru June 30, 2028.

Add additional staff to current infrastructure to support expanded contract activities and assessment of activities.

2.0 FTE Health Services Consultant 3 contract managers to develop, execute, monitor and track/manage activities thru the end of the contract periods. Contract managers will provide contract technical assistance and act as programmatic subject matter experts on program allowability of costs and ensure compliance with contract and financial policies.

2.0 FTE Epidemiologist 2 (non-medical) assessment team. Support Epidemiologist will be responsible for supporting lead existing epidemiologist in ongoing data management work for the project, including monitoring data quality, data cleaning activities, data quality assurance, validation, dataset preparation, and dataset transmission

1.0 FTE AA1 to support operational and administrative tasks related to new staff needed to manage contracts and assessment of work. Staff will provide administrative a support; activities include payroll, travel, sub-recipient contract development and monitoring, invoice payments, and other support functions as required.

2.8 FTE to support the agencies infrastructure related to contracts, grants, HR, payroll facilities and accounting

Expanded contracts related to OIDs 5-year plan $19.170M biennial investment.

$1.889M Biennial Budget Detail:

Currently, program data estimates that an insured individual would be responsible for approximately $7,921 a year for medical insurance, medications and clinical care. This fiscal burden on an annual income of $67,950 is extreme and program believes is having a negative impact on their individual and community health and the likelihood they are regularly accessing life-saving medications and health insurance.
ADAP – Cost Estimation: Premiums and/or Medications for FPL Ineligible Clients (FPL > 425)
Between calendar years 2017-2021, 202 clients who applied for ADAP were deemed ineligible for having an FPL greater than 425.
Of these clients:

- 16 clients were Uninsured
- 168 clients were Insured-Private Insurance coverage
- 18 clients were Insured-Medicare Insurance coverage

It is estimated WA ADAP would have spent around $353,289.59 per year ($1,766,447.94 over 5-years) to cover the costs of premium and/or medications for these additional 202 clients.

2.0 FTE Health Services Consultant 2 eligibility specialists to conduct eligibility screening, income verification, data entry and enrollment

2.0 FTE Epidemiologist 1 (non-medical) assessment team. Support Epidemiologist will be responsible for supporting lead existing epidemiologist in ongoing data management work for the program, including monitoring data quality, data cleaning activities, data quality assurance, validation, dataset preparation, and dataset transmission

1.4 FTE to support agency infrastructure costs related to contracts, HR, accounting, grants, and facilities.

Estimated expenditures include salary, benefit, and related costs to assist with administrative workload activities. These activities include policy and legislative relations; information technology; budget and accounting services; human resources; contracts; procurement, risk management, and facilities management.

Workforce Assumptions:

Workforce Assumptions FY24 Projections Only

FTE	Job Classification	Salary	Benefits	Startup Costs	FTE Related Costs
3.5	HEALTH SERVICES CONSULTANT 2	$235,000.00	$101,000.00	$15,000.00	$27,000.00
24.0	HEALTH SERVICES CONSULTANT 3	$1,800,000.00	$728,000.00	$99,000.00	$181,000.00
3.6	EPIDEMIOLOGIST 2 (NON-MEDICAL)	$350,000.00	$126,000.00	$15,000.00	$27,000.00
1.0	ADMINISTRATIVE ASST 1	$45,000.00	$24,000.00	$4,000.00	$8,000.00
0.6	WMS01	$53,000.00	$19,000.00	$2,000.00	$4,000.00
2.2	HEALTH SERVICES CONSULTANT 4	$181,000.00	$70,000.00	$9,000.00	$16,000.00
0.6	ADMINISTRATIVE ASST 3	$28,000.00	$14,000.00	$2,000.00	$4,000.00
1.0	HEALTH SERVICES CONSULTANT 1	$54,000.00	$25,000.00	$4,000.00	$7,000.00
1.0	MANAGEMENT ANALYST 3	$72,000.00	$30,000.00	$4,000.00	$8,000.00
0.5	MANAGEMENT ANALYST 4	$41,000.00	$16,000.00	$2,000.00	$4,000.00
0.8	WMS02	$95,000.00	$32,000.00	$3,000.00	$6,000.00
2.0	EPIDEMIOLOGIST 1	$170,000.00	$65,000.00	$8,000.00	$15,000.00
-	FISCAL ANALYST 2	$0.00	$0.00	$0.00	$0.00
1.0	HEALTH SERVICES CONSULTANT 1	$53,000.00	$26,000.00	$0.00	$0.00
41.6		**$3,177,000.00**	**$1,276,000.00**	**$167,000.00**	**$307,000.00**

Estimated expenditures include salary, benefit, and related costs to assist with administrative workload activities. These activities include policy and legislative relations; information technology; budget and accounting services; human resources; contracts; procurement; risk management, and facilities management.

Strategic and Performance Outcomes

Strategic Framework:

This effort aligns well with both the Governor's Results Washington as well as the DOH Strategic Plan.
Results Washington is focused on leveraging successes and bringing on new projects. The effort in Office of Infectious Disease and DOH toward ending the HIV epidemic has been successful but limited. This opportunity to a non-appropriated account would push available funding out faster and more transparently to ensure we reach our performance benchmarks and assist individuals living with HIV with strong health outcomes and improved quality of life. OID's efforts at documenting and working to close the gaps of health disparities for those living with HIV have been previously featured in Results Washington outcomes and we will continue to track and document successes and challenges to closing these gaps for Black and Latino/a/x populations compared to their White peers. We are also focused on performance improvement and quality management in our metrics and in how our contracts interact and provide access to clients.

DOH's transformation plan HEALTH AND WELLNESS. All Washingtonians have the opportunity to attain their full potential of physical, mental, and social health and well-being. Innovation of these services in mobile units or off-site settings is one option that could help. For funding this opportunity is more transparent as it shows the funds we have and sets a course for using the funds to support the community and individual level. We welcome the transparency for the restricted funds. DOH uses data to inform our decisions and implementations efforts and will continue to do so as we review HIV incidence, access barriers and disparities in both populations and geographic regions. This data will undergird the implementation plan for the additional funds.
With equity as the final pillar, this request aligns in important and strategic ways. HIV disproportionately impacts racial and ethnic minorities who have the lowest rates of viral suppression, engagement in care, and experience increased barriers to accessing care, which result in a poor quality of life and an increase in mortality.

Performance Outcomes:

Describe and quantify the specific performance outcomes you expect from this funding change.
Increase viral suppression to meet the Target goal of 95% (Healthy People 2030). Currently at 87% for Ryan White clients that fall under the umbrella of Part B, ADAP, and Medicaid (See HAB Performance Measures)
Increase Annual Retention In Care which currently indicates 64% of clients/patients, regardless of age, with a diagnosis of HIV who had at least two (2) encounters within the 12-month measurement year. At least one of the two HIV medical care encounters needs to be a medical visit with a provider with prescribing privileges. (See HAB Performance Measures)

What outcomes and results, either positive or negative will occur
Meet Performance Measure Benchmark of 95%
Ensure individuals enrolled in care are receiving medical visits to address overall health conditions or concerns outside of completing annual lab work.
Identify all Lean initiatives and their expected outcomes.
Health Disparity Project – Serves as a Peer-To-Peer and Linkage To Care service to ensure healthy outcomes for historic and newly diagnosed individuals.
Centralized Eligibility w/ Provide: A continuous process improvement tool to Provide that allows eligibility to be verified, documented, and stored to prevent a lapse of coverage for services provided.
Include incremental performance metrics.
Quality of Life (QoL) Performance Measure – A tool currently under development by Ryan White Part B and collaboratively with the guidance **of** HRSA HAB Workgroup on Quality of Life for People with HIV. This measure will provide data to support those recently diagnosed as Viral Load Suppression is not the overall success marker for healthy outcomes and in some cases, unattainable. (See NHAS 2022-2025)
Recently Diagnosed within 2 years: Percentage of DOH RW eligible clients who achieved or maintained HIV viral suppression at the last HIV viral load test during the measurement period. This measurement is currently 58% or 327 of 562 eligible clients. (See Engagement Report)

Equity Impacts

Community outreach and engagement:

The community of people living with HIV and those providing services currently will be engaged regarding this request. We have strong and consistent communication with agencies currently under contract with DOH for services to PLWH. We also will create Factsheets on these legislative requests, their intent and their benefits. We plan to hold community conversation sessions to explain the legislative request intent and receive feedback. The stakeholder list has been populated with known contacts and some stakeholder work has begun. This request has only positive benefits for people living with HIV as it will increase funding availability, create new opportunities to reduce health disparities through focused innovation and improve access in rural and peri-urban areas of our state.

Disproportional Impact Considerations:

HIV disproportionately impacts racial and ethnic minorities who have the lowest rates of viral suppression, engagement in care, and experience increased barriers to accessing care, which result in a poor quality of life and an increase in mortality.? The WA Disparity Report identifies that people of color living in Washington are 1.6 times more likely to be diagnosed with HIV. At the community level, people in the poorest part of each county had 2.3 times the risk of being diagnosed with HIV as compared to the wealthiest parts of counties. A survey of people living in Washington, 35% of people living with HIV have income below the federal standard for poverty. Viral suppression in Washington is highest in urban areas and lowest in rural areas with 74% of individuals that are virally suppressed.

Target Populations or Communities:

The target population for this request is all people living with HIV (PLWH) in Washington State. The funds from the requested dedicated account can only be spent on PLWH. There are people living with HIV in every county in Washington and the effort to increase investments will be focused on ensuring regional access to services, particularly in rural and peri-urban areas where clinical services, case management, housing and other supportive services are limited or require extensive travel.
This request embodies these priorities as additional funds and increased access will allow for focus on serving Black American/African Born and Hispanic/ Latina/o/x communities and individuals who have documented disparities in health outcomes, access to low barrier care and retention in care, working to ensure this is culturally appropriate and local care. To effectively serve these communities and individuals, additional spending authority is needed with a longer time implementation plan. Creating the non-appropriated account with current funds will allow the program to invest in new innovations like, mobile services, on-site services, and new partnerships with community trusted partners. These innovations will create services where they are needed rather than requiring individuals to travel long distances or receive non-specialized care. Engagement will be necessary with communities, partners, and those living with HIV to implement culturally appropriate innovations and services to reduce the current disparities in knowing their HIV status, being able to remain in care, and achieving consistent viral suppression.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

Positive impact with additional resources available in their community.

Stakeholder Response:

DOH does not anticipate stakeholder interest in this request.

State Facilities Impacts:

N/A

Changes from Current Law:

N/A

Legal or Administrative Mandates:

N/A

Reference Documents

150-030-HIVSurveillanceReport2021.pdf
150-159-DisparitiesReport.pdf
2023 Legislative Request Form OID Dedicated Acct.docx
FinancialCalculator_2023-25_ver24.2-HIV PHARMACEUTICAL DRUG REBATES.xlsm

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure *Dollars in Thousands*	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. A	$3,176	$3,202	**$6,378**	$3,176	$3,176	**$6,352**
Obj. B	$1,277	$1,290	**$2,567**	$1,277	$1,277	**$2,554**
Obj. E	$2,049	$1,971	**$4,020**	$2,010	$2,010	**$4,020**
Obj. G	$90	$90	**$180**	$90	$90	**$180**
Obj. J	$169	$0	**$169**	$0	$0	**$0**
Obj. N	$43,327	$43,494	**$86,821**	$43,494	$43,494	**$86,988**
Obj. T	$307	$307	**$614**	$307	$307	**$614**

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