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February 13, 1998

Barbara A. DeBuono, M.D., M.H.P.
Commissioner
Department of Health
Corning Tower Building
Albany, New York 12237

Re: Report 97-F-57

Dear Dr. DeBuono:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law, we have reviewed the actions taken by officials of the Department of Health (Department) as of January 30, 1998 to implement the recommendations contained in our report 95-S-46. The report, which was issued February 23, 1996, examined the AIDS Institute's (Institute) AIDS Drug Assistance Program (ADAP) and Prevention Surveys and Evaluations unit.

Background

The Institute was established within the Department in 1983 to meet the then emerging crisis of Acquired Immune Deficiency Syndrome (AIDS). The Institute manages a multitude of HIV prevention programs including education, training, counseling and testing programs and is responsible for establishing and monitoring a coordinated system of care for diverse types of HIV infected patients. The Institute's budget from all sources was nearly $190 million in 1995.

The Institute operates three major programs to provide direct financial and/or medical assistance to uninsured or under-insured individuals with HIV: the AIDS Drug Assistance Program (ADAP), ADAP Plus (Primary Care) and the HIV Home Care Program. ADAP began in 1987 as part of a national program to provide free HIV/AIDS medications to individuals who are not otherwise covered by Medicaid or adequate third party insurance. The HIV Home Care Program, which started in 1991, provides coverage for home care services to chronically medically dependent individuals. Primary Care, started in 1992, provides free primary care services at selected clinics, hospital out-patient departments and physician offices. The three programs are primarily funded by Federal monies and are integrated and centrally administered by Health Research, Inc. (HRI), a not-for-profit corporation affiliated with the Department.

To be eligible to participate in the HIV uninsured care programs, individuals must be New

York State residents and meet economic and medical criteria. Financial eligibility criteria are based on income and available assets and are the same for each program. Medical requirements vary by program. In many cases, applicants remain on the programs until their financial resources are depleted to a level which will allow them to be eligible for Medicaid assistance.

Until February 1995 the Institute operated its Prevention Surveys and Evaluations (PS&E) unit, which evaluated various HIV prevention programs. The PS&E unit was disbanded and replaced by the Office of Program Evaluation and Research (OPER). OPER carries on PS&E's functions, but with an expanded role that includes evaluations of programs administered under the Institute's Health Care Division.

Summary Conclusion

In our prior audit, we found that the Institute needed to study the potential for reducing costs by merging ADAP with the Elderly Pharmaceutical Insurance Coverage (EPIC) program. We also found that the Institute could increase funds available to provide for those most in need by shifting costs to private insurers where possible. Further, we found that the Institute could make better use of the PS&E unit's evaluations to increase program effectiveness.

In our follow-up review, we found that the Institute has made progress in implementing many of the prior report recommendations.

Summary of Status of Prior Audit Recommendations

Of the seven recommendations in our prior report, Department officials have implemented 5 recommendations and have not implemented 2 recommendations. In those instances where the recommendations were not implemented, the Department undertook studies and determined it was not feasible to implement them.

Follow-up Observations

Recommendation 1

Conduct a formal study identifying the advantages, disadvantages and cost savings potential associated with combining the ADAP program within the EPIC program.

Status - Fully Implemented

Agency Action - An interdepartmental team conducted this study. The study concluded that the original audit may have overstated the potential savings that would result from consolidating operations. The study found that patient population differences, combined with the relatively small amount of estimated savings that might result from consolidating the two programs did not support a move toward consolidation. However, the study also found there is potential

for shared operations for such functions as completion of field audits, rebate management, and third party insurance recovery to avoid duplication of efforts and to meet future demands.

Recommendation 2

Establish a system to provide for continuity of care of eligible individuals through third party insurers whenever it is cost effective to do so.

Status - Not Implemented

Agency Action -The New York State Medicaid AIDS Health Insurance Program (AHIP) provides insurance continuation for about 300 individuals. The program provides insurance continuation for individuals with HIV illness and income above AHIP's criteria. The current criteria is 185 percent of the Federal poverty level (FPL), or $14,600 a year.

Department staff surveyed 16 states that use the Ryan White CARE Act funds for insurance continuation. Based upon the experience of the states surveyed and New York's AHIP enrollment, it was estimated that the number of individuals eligible would be too small (10 to 35) to justify developing a duplicate administrative structure to the current AHIP system. Aids Institute staff have met with the Office of Medicaid Management to discuss restructuring and expansion of AIHP, including increasing the income criteria. Medicaid staff have initiated efforts to increase their promotion of AHIP and gather additional information on need and cost as a first step in considering restructuring. According to Department officials, changes in AHIP eligibility criteria would require legislative action.

Recommendation 3

Re-open dialogue with Social Services to obtain quicker, more efficient access to information on eligibility status of ADAP and Medicaid participants.

Status - Fully Implemented

Agency Action - The Department of Social Services provided electronic access to the eligibility status of Medicaid clients. A computer link was established between the systems that allows for a timely and efficient procedure for ADAP to remove participants from the program once they have been enrolled in Medicaid. Matching is done on a bi-weekly basis and individuals identified as having Medicaid coverage are immediately terminated from ADAP enrollment. New applicants are matched at time of application and are denied enrollment if they have Medicaid coverage.

Recommendation 4

Establish procedures to identify participants' Medicaid eligibility on a timely basis and to ensure that their names are promptly removed from the active rolls.

Status - Fully Implemented

Agency Action - As noted in the agency action for recommendation 3, matching is now done on a bi-weekly basis. All new applicants continue to be matched at time of application and are denied enrollment if they have Medicaid coverage.

Recommendation 5

Expand program services by establishing procedures to allow people with higher incomes to enroll in ADAP as fully paying participants.

Status - Not Implemented

Agency Action - The AIDS Institute studied the need for expanding services to higher income individuals. It found that New York currently has the highest income criteria of any of the 51 states and territorial ADAPs. In 1996 and 1997 there were 26 and 21 applicants, respectively, denied coverage due to high income, representing only 0.4 percent of all applicants. Those without insurance are only 0.1 percent of total applicants. Department officials stated their belief that an expansion of income criteria for the small number of individuals would not be justified. However, Department officials also told us that some community and mail order pharmacies accept insurance coverage as payment in full, or will provide drugs to individuals at a discount. ADAP hotline/eligibility staff have a list of these pharmacies and provide referrals when appropriate. Officials maintain that these existing options for discount drug purchases preclude the need for expansion of ADAP income criteria.

Recommendation 6

Consider establishing a participant co-pay in accordance with guidelines set forth in the Ryan White Act.

Status - Fully Implemented

Agency Action - The Department and the Advisory Council for the HIV Uninsured Care Program considered establishing a co-payment. The Advisory Council for the HIV Uninsured Care Program strongly recommended against the Department establishing a co-payment per prescription for the following reasons:

- Drugs covered by the ADAP formulary are of the highest priority and critical to the care of persons with HIV/AIDS. The AIDS Institute and the Council maintain it is good public health policy to avoid any barriers to access for these medications. A co-payment could discourage individuals from taking drugs that are needed to prevent greater health care costs later.

- The Ryan White CARE Act prohibits charging a co-payment for individuals with incomes less than 100 percent of the Federal poverty level. This would exclude more than 50 percent of the ADAP enrollees. The revenue generated would not be worth the administrative cost involved in implementing the system.

- A co-payment does in fact exist for ADAP. The limitation of Federal funding, effective January 1, 1996, forced ADAP to adopt a limited drug formulary, and non-covered drugs must be paid by program participants. On average, an ADAP participant must spend $175 per month (over $2,000 per year) of their own money to obtain drugs which, in the past, were covered by ADAP.

For these reasons, the Department did not establish a co-payment.

Recommendation 7

The Institute's Program Evaluation & Research Steering Committe .should review prior PS&E evaluations to identify and follow up on outstanding recommendations.

Status - Fully Implemented

Agency Action - Department officials reviewed the 31 reports identified by the original audit. They concluded that only 15 of the evaluations constituted formal evaluations. The 15 were reviewed by the respective program or bureau directors. A summary of the reviews found that many of the recommendations were already implemented or were in the process of being implemented. Other recommendations were no longer considered relevant or would require additional studies to assess their impact on current services. In May 1996 an action plan was developed that included determining whether additional evaluation studies were warranted. An additional peer program evaluation will be undertaken and the previous criminal justice evaluations will be repeated. A criminal justice study was conducted after our original audit. This study resulted in significant program changes. Department officials stated their belief that replicating the previous research is not warranted.

Major contributors to this report were Larry Wagner and Dick Loveless.

We also wish to thank the management and staff of the Department and the AIDS Institute for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Robert L. King