



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

THOMAS M. SUEHS  
EXECUTIVE COMMISSIONER

**Health and Human Services Agencies Briefing**  
**January 24, 2012**  
**9:00 am to 10:30 am**  
**Capitol Extension, Hearing Room E1.014**

**Department of State Health Services**

- a) HIV Medications
- b) Study of State Mental Health System (Rider 71)
- c) Family Planning

# **Department of State Health Services**



## HIV Medications Program

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- The Texas AIDS Drug Assistance Program (ADAP) provides HIV treatment medications to persons who:
  - have an HIV positive diagnosis.
  - have an income at or below 200% of the federal poverty level.
  - are uninsured or underinsured for prescription medications.
  - are Texas residents.
- In state fiscal year (SFY) 2011, the ADAP provided life-extending drugs to 16,711 clients, an increase of 1,053 clients from 2010.



## HIV Medications Exceptional Item

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- The Department of State Health Services (DSHS) developed an exceptional item (EI) request in 2010 based on a \$19.2 million projected shortfall in the ADAP program in SFY 2013.
- The 82nd Legislature adopted Special Provision 55 to HB 1.
  - The rider allows the Executive Commissioner to request a transfer from General Revenue Medicaid appropriations up to \$19.2 million if necessary to maintain funding for HIV medications during the 2012-2013 biennium.



## HIV Medications No Additional FY 2012-13 Funding Needed

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- As of October 2011, projections for the 2012-2013 biennium indicate that the potential for a shortfall has been mitigated.
- This favorable forecast is based on:
  - identification of new revenue,
  - reduction in per-client expenditures due to adjustments to drug price projections, and
  - use of existing medication inventory.



## HIV Medications Identification of New Revenue

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- Changes in federal law, effective January 2011, allowed DSHS to bill additional pharmaceutical rebates. The initial rebate revenues were not received by DSHS until May 2011.
- These new revenues allowed the program to shift federal funds forward across the state fiscal year so more federal monies are available in FY 12 than originally anticipated.
- This projected revenue was not available during preparation of the FY12-13 exceptional item request for ADAP.



## HIV Medications Pharmaceutical Price Projections

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- DSHS projections anticipated an increase in drug prices, due to historical trends.
- Actual prices negotiated through the nation ADAP Task Force remained stable.
- Because DSHS anticipates drug prices via actuarial projections based on historical trends in costs, the benefit of the negotiated prices only became visible over several quarters of implementation.



## HIV Medications Inventory

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For several years, DSHS received supplemental ADAP grant awards that enabled DSHS to increase its inventory of HIV medications.

- These supplemental funds have decreased as more states become eligible for them.
- DSHS has managed its inventory in a way that ensures program stability and maximization of federal funds.
- DSHS adjusted its inventory levels down to maintain a two month supply.



## HIV Medications Other Factors Affecting the Program

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- Rollout of Medicaid managed care in March 2012 may reduce participation in the ADAP.
- Texas continues to participate in national negotiations with drug manufacturers to freeze or reduce prices, and these may yield additional reductions in drug costs.
- Federal preexisting condition health insurance program (PCIP) for ADAP clients with very high costs.
  - Cost of assisting clients with premiums, deductibles, and prescription co-pays is expected to be lower than the direct costs of medications for some clients.
  - A pilot project will begin in January 2012. Although the pilot project will be small, some savings will accrue to the program over time.
- Ryan White funding is dependent on future Congressional appropriations.



## Rider 71

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Requires DSHS to contract with an independent entity to review the state's public mental health system and:

- Make recommendations to improve access, service utilization, patient outcomes and system efficiencies.
- Review current funding levels, financing, services and community-based alternatives to hospitalization.
- Review best practices and models from other states that can be adapted to Texas.
- Make recommendations to maximize the use of state, federal and local funds.
- Submit a report to the Governor and LBB.

- **HHSC contract with Public Consulting Group (PCG)**
  - ✓ Phase I: Complete programmatic and financial assessment of current system
  - ✓ Phase II: Provide recommendations for intermediate and long-term system redesign
  - ✓ PCG contract with DMA Health Strategies
    - Review of systems in other states
- **DSHS contract with Civic Initiatives**
  - ✓ Project Coordination
  - ✓ Issues Management
  - ✓ Stakeholder Relations

### PCG

- Web site for any interested members of the public to submit comments directly to PCG
- Stakeholder meetings to gain insights on the current public behavioral health system in Texas (December 2011-January 2012)
  - Austin
  - Lubbock
  - Harlingen
  - Dallas
  - El Paso
  - Houston
- Data collected from DSHS and network providers
- 9 of 16 site visits to selected network providers completed
- Interviews with stakeholders



## Rider 71

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### DMA Health Strategies

- Analysis of other states to identify approaches that could be replicated in Texas
- Focus will be on:
  - Clinical Evidence-Based Best Practices
  - Governance
  - Funding
  - Psychiatric Hospitals and Forensics
  - Integrated Physical and Behavioral Health, and
  - Managed Care/Care Coordination Linkages



## FY 2012 Family Planning Awards Update

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- DSHS issued interim contracts to 56 agencies to cover services using Rider 77 guidance.
  - Interim contracts ran from September 1, 2011, through January 14, 2012.
- A Request for Proposals (RFP) was released in October 2011.
  - New contracts run from January 15, 2012, to March 31, 2013.



## FY 2012 Family Planning Awards Update

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- There were no Tier 1 or 2 applicants for the following priority population centers:
  - Lubbock, Tarrant, Hidalgo, Smith, and McLennan and surrounding counties.
- To fully meet the legislative intent of Rider 77, DSHS released a targeted RFP for following areas:
  - Region 1: Lubbock County
  - Region 2/3: Tarrant County
  - Region 4/5N: Smith County
  - Region 7: McLennan and surrounding counties
  - Region 11: Hidalgo County



## FY 2012 Family Planning Awards Update

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- DSHS executed contract extensions with current family planning contractors in the areas covered by the targeted RFP to ensure access to services continues.
- The targeted RFP process will be concluded by April 1, 2012.