



TEXAS
Health and Human
Services

**Texas Department of State
Health Services**

Texas HIV Medication Program Medication Advisory Committee Meeting

July 12, 2024

DSHS Updates

Josh Hutchison

Associate Commissioner

Infectious Disease Prevention Division



THMP Roadmap

- Agency
 - THMP Rising Cost Projections
 - Future Deficit
- Long Acting Injectables - Cabenuva
- Financial Forecast (Rebates)
 - ▶ Inflation Reduction Act (IRA)
 - ▶ Medicare Changes
 - ▶ State Pharmacy Assistance Program (SPAP)
 - ▶ Impact to Rebates
- Budget Report



THMP Historical and Projected Cost Increases

Fiscal Year	ADAP Medications Only		SPAP		TIAP		Total	
	Clients	Total	Clients	Total	Clients	Total	Clients*	Total
FY20	20,895	\$137,159,393	2,138	\$8,228,865	457	\$991,576	23,490	\$146,379,834
FY21	21,892	\$118,204,285	2,084	\$8,175,902	416	\$923,271	24,392	\$127,303,459
FY22	15,208	\$78,800,482	1,787	\$7,519,290	273	\$635,088	17,268	\$86,954,860
FY23	18,197	\$96,606,784	1,722	\$7,535,130	182	\$525,034	20,101	\$104,666,949
FY24	21,308	\$124,610,748	1,652	\$6,543,365	220	\$651,172	23,180	\$131,805,285
FY25	21,521	\$131,383,619	1,652	\$6,661,145	222	\$670,838	23,395	\$138,715,602
FY26	21,736	\$131,122,000	1,652	\$6,781,046	225	\$691,097	23,613	\$138,594,143
FY27	21,736	\$131,122,000	1,652	\$6,903,105	227	\$711,968	23,615	\$138,737,073

DSHS operated at a deficit in 2020. The program cannot sustain THMP when ADAP costs are at or above \$130 million.

Data from May 2024 Projections. Data for June 2024 – August 2027 are based on projections.



DSHS Projects an ADAP Medication Deficit by 2025

	FY24 Projections	FY25 Projections	FY26 Projections	FY27 Projections
Projected Medication Costs by Year	\$124.6 million	\$131.3 million	\$131.1 million	\$131.1 million
ADAP Medication Budget by Year before Rebate Reduction	FY24 Budget \$131.6 million	FY25 Projected \$106.4 million	FY26 Projected \$106.4 million	FY27 Projected \$106.4 million
Expected Rebates after Reduction by Year	FY24 Rebates \$23.8 million	FY25 Projected \$7.0 million	FY26 Projected \$4.3 million	FY27 Projected \$4.3 million
Projected Budget after Rebate Reduction	FY24 Funds \$131.6 million	FY25 Projected \$96.0 million	FY26 Projected \$93.2 million	FY27 Projected \$93.2 million
Remaining Funding/Deficit by Year*	FY24 Funds \$7.0 million	FY25 Projected (\$35.4 million)	FY26 Projected (\$37.8 million)	FY27 Projected (\$37.8 million)

*Does not account for existing inventory within the DSHS Pharmacy



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THMP Budget Overview: Summary

- THMP is rolling towards a fiscal cliff due to three primary drivers beyond the control of DSHS:
 - ▶ Federal and national policy changes
 - ▶ Projected increased client growth and related medication costs
 - ▶ Other factors unique to Texas compared to other state ADAPs



Cost Driver: Factors Unique to Texas

- What other states may have that Texas does not:
 - ▶ Not as reliant on Medicare rebates
 - ▶ Expanded insurance purchasing
 - ▶ Fewer people living with HIV
 - ▶ Different support service models, which could include the expansion of Medicaid
 - ▶ Less reliant on federal supplemental dollars
- THMP cannot expand insurance purchasing
 - ▶ During the 87th Legislative session, DSHS requested to expand insurance purchasing
 - ▶ Rider 26 language specifically authorizing a pilot to expand insurance purchasing was struck



Long Acting Injectables - Cabenuva

- Rider 36 Analysis (88th Legislative session)
 - ▶ Was contingent on the availability of federal funding
 - ▶ Needed an update to take account for factors discussed at the last MAC meeting
 - ▶ Needs longer-term discussion to consider the possibility of other long-acting injectables coming to market in the near future
- DSHS conducted a financial review of THMP to assess its ability to include it in the THMP formulary



Next Steps: DSHS Analysis Continues

- Can THMP resolve this projected fiscal cliff without legislative intervention or additional state funding?
- Are there structural changes to the program that do not impact the number of clients served and can ensure stability?
- Does DSHS need to refine its insurance purchasing analysis?



Rebates

Rachel Sanor

Medications and Care Services Unit Director
HIV/STD Section



Overview of Medicare Program

- The standard Part D prescription drug benefit consists of four sequential coverage phases: deductible, initial coverage, coverage gap, and catastrophic coverage phases
- Progression through the first two coverage phases (deductible and initial coverage) is based on total gross covered prescription drug costs, which refers to spending on covered Part D drugs by beneficiaries or on their behalf by any third party as well as the Part D sponsor
- Clients may elect to enroll in a Part D or Medicare Advantage Plan for prescription assistance from Medicare. SPAP only has the mechanism to pay for Part D plans
- Historically, Medicare includes dual-eligible Medicaid and Medicare, full low-income subsidy (LIS), and partial LIS for low-income Medicare participants. SPAP does not cover dual-eligible or full-LIS participants

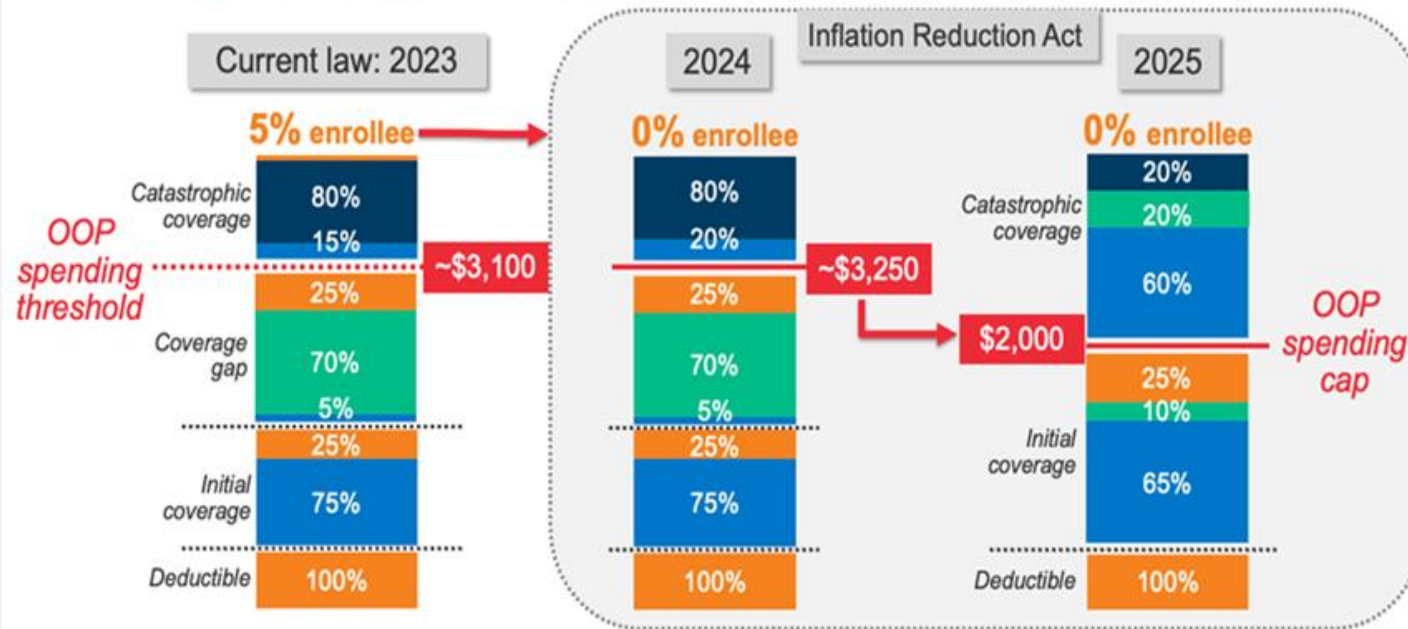


Medicare Changes-Inflation Reduction Act (IRA)

Figure 2

Changes to Medicare Part D for Brand-Name Drug Costs

Share of **brand-name drug** costs paid by: ● Enrollees ● Part D Plans ● Drug manufacturers ● Medicare



NOTE: OOP is out-of-pocket. The out-of-pocket spending threshold will be \$7,400 in 2023 and is projected to be \$7,750 in 2024 and \$8,100 in 2025, including what beneficiaries pay directly out of pocket and the value of the manufacturer discount on brand-name drugs in the coverage gap phase. These amounts translate to out-of-pocket spending of approximately \$3,100, \$3,250, and \$3,400 (based on brand-name drug use only).



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How Medicare Changes Will Impact THMP

Elimination of Partial Low-Income Subsidy

- Expand eligibility for full benefits under the Medicare Part D Low-Income Subsidy (LIS) Program
- Those with incomes between 135-150% of the FPL will move from partial LIS to full LIS

Impact to THMP Rebates

- THMP does not cover participants with Full LIS. This will reduce the SPAP eligibility pool to those with 150% FPL up to 200%
- This will decrease SPAP claims by 9%
- The impact started in January 2024. Rebates from this time period were received starting in June 2024.

How Medicare Changes Will Impact THMP

Eliminating Cost Sharing for Catastrophic Phase of Coverage

- There is no cost sharing for covered Part D drugs above the annual out-of-pocket (OOP) threshold for any Part D beneficiaries
- Will eliminate cost sharing for covered Part D drugs for beneficiaries in the catastrophic phase of coverage

Impact to THMP Rebates

- In (2024), the catastrophic threshold is \$8,000. This amount includes what Part D enrollees spend out-of-pocket plus the value of the manufacturer price discount on brands in the coverage gap phase. This lowers the total out-of-pocket cost to \$3,300
- In (2023), 52.6% of SPAP claims were greater than \$3,300
- The impact started in January 2024. Rebates from this time period were received starting in June 2024

How Medicare Changes Will Impact THMP



New Out of Pocket Threshold

- The Out-of-Pocket Threshold is set at \$2,000

Impact to THMP Rebates

- This will result in a 68.8% reduction in SPAP Claims
- The impact will start in January 2025. Rebates from this time period will be received starting in June 2025.

Cost Driver: Federal and National Policy Changes - Inflation Reduction Act (IRA)

- Rebates generated from (2024), which THMP received starting in June 2024, will decrease by 59.2%
 - ▶ 8.7% because of the elimination of the partial low-income subsidy
 - ▶ 50.5% due to the elimination of cost sharing in the catastrophic coverage phase of coverage
- Rebates generated from (2025), which THMP will receive starting June 2025, will decrease by 75.4%
 - ▶ 8.7% because of the elimination of the partial low-income subsidy
 - ▶ 66.7% due to the out-of-pocket threshold of \$2,000



Cost Driver: Federal and National Policy Changes

Medicare and the Inflation Reduction Act

- THMP serves a small client base within the State Pharmacy Assistance Program (SPAP) program
- SPAP serves clients by paying for out-of-pocket costs associated with Medicare Part D (prescription drug) policies
- SPAP generates the lion's share of medication revenue rebate for the entirety of THMP
- Recent changes to Medicare via the Inflation Reduction Act will significantly impact rebate revenue

FY	Number of SPAP Enrollees	%
FY20	2,138	82%
FY21	2,084	83%
FY22	1,787	87%
FY23	1,722	90%

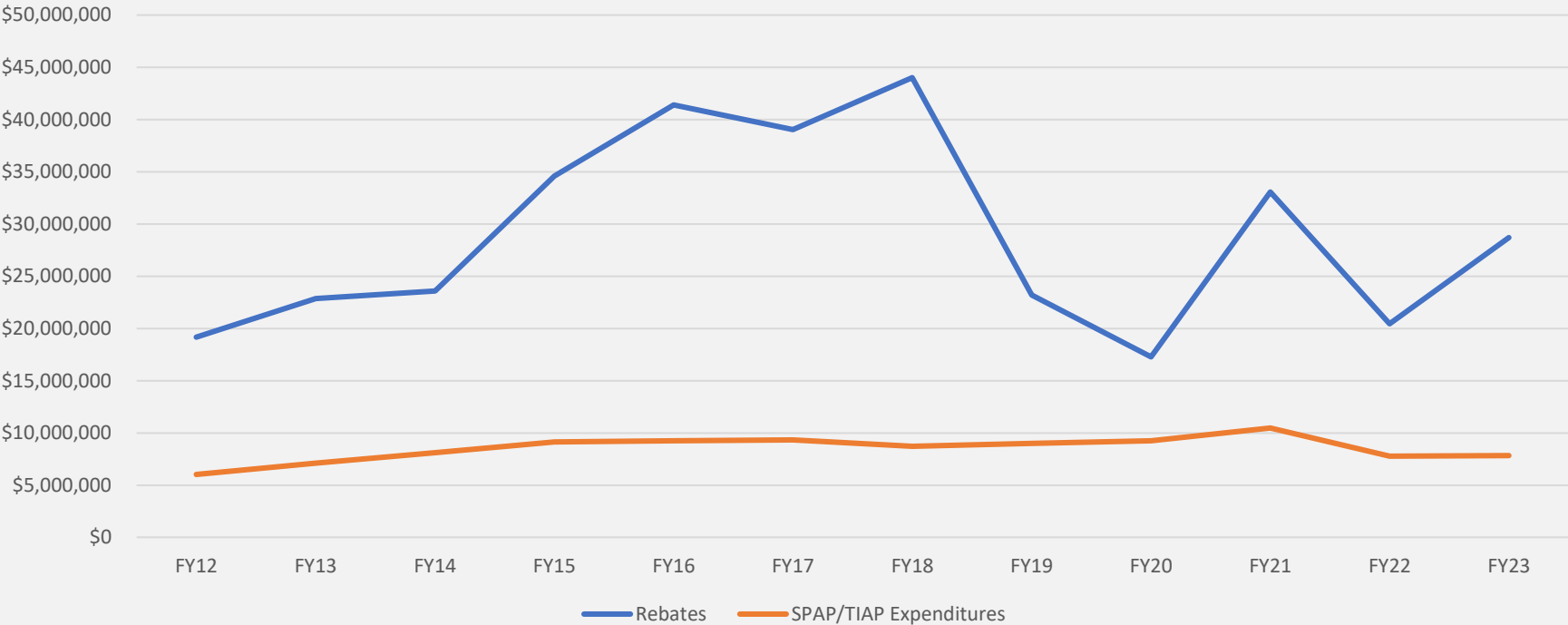
Time Period	Number of SPAP Claims	%
(2022-Q3)	19,600	97%
(2022-Q4)	19,215	98%
(2023-Q1)	17,280	96%
(2023-Q2)	18,642	97%
Total	74,737	97%



Cost Driver: SPAP and TIAP

Cost vs. Rebate Revenue Generated

SPAP and TIAP Expenditures and Rebate Income Over Time FY12-FY23



Budget Report

D'Andra Luna, MPH

Section Director

HIV/STD Section



Monthly THMP Financial Report

Budget Description	2023* Expended	2024* Budgeted	2024* Obligated	2024* Expended	2024* Remaining
General Revenue (GR)	\$3,753,341	\$244,775	\$244,775	\$0	\$244,775
GR Match/MOE	\$2,471,807	\$2,471,807	\$2,471,807	\$2,038,785	\$433,022
HIV Vendor Drug Rebates	\$21,423,897	\$23,873,713	\$23,873,713	\$23,873,713	\$0
Federal Care Grants	\$95,776,777	\$104,896,339	\$104,896,339	\$77,212,094	\$27,684,245
Program Income	\$0	\$121,930	\$121,930	\$121,930	\$0
Total All Funds	\$123,425,822	\$131,608,564	\$131,608,564	\$103,246,522	\$28,362,042

*State Fiscal Year: September 1 – August 31 annually.

Data as of June 19, 2024, with expected funding adjustments.



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Monthly THMP Annualized Medication Budget

Budget Description	Annualized Amount
General Revenue (GR)	\$0
GR Match/MOE	\$2,471,807
HIV Vendor Drug Rebates	\$23,873,713
Federal Care Grants	\$79,705,550
Program Income	\$0
Total Budgeted Funds	\$106,051,070
FY24 Other Funds Used to Purchase Medications	\$25,557,494
Total All Funds in FY24	\$131,608,564

The annual medication planned for one year is roughly \$106 million dollars, annual budget adjustments may cause fluctuations each year. DSHS also allocates additional funds that are unused, those funds are not guaranteed.



Thank you.

