State Assistance Programs Paying Too Much For AIDS Drugs

NEW YORK (Reuters Health) Sept 28 - State programs that help HIV-infected and AIDS patients pay for expensive drugs could have saved nearly $58 million last year if they had been allowed to buy drugs at "federal ceiling prices," a government inspection reveals.

The Health and Human Services Office of Inspector General (OIG) reports that state AIDS Drug Assistance Programs (ADAPs) are paying prices averaging 16% more than rates available to the Department of Veterans Affairs, Department of Defense, Public Health Service and the US Coast Guard. That translates to some 29 cents more per pill and $32 more per bottle for the same drug than the "Big 4" purchasers spend, the OIG says.

The OIG's Office of Inspections and Evaluations, which conducted the analysis, concludes that ADAPs could better serve people in need if the statutorily discounted rates that large federal agencies enjoy were extended to ADAP grantees and other eligible entities.

The OIG is the latest to call for opening up Federal Supply Schedule (FSS) prices to other drug buyers. Under a 2-year pilot project launched this summer, members of a federal law enforcement agents' health plan are buying drugs for its mail-order program through that pricing schedule (see Reuters Health reports, August 7 and August 10).

Boston University researchers have recommended that a coalition of state legislators consider buying drugs off the FSS, a move that would save the eight states an estimated $6.5 billion on prescription drugs this year (see Reuters Health report, August 7).

ADAPs were created through the Ryan White AIDS Act to provide medications to low-income HIV-infected and AIDS patients who are uninsured or have limited private insurance or Medicaid coverage. States estimate that they served more than 64,000 clients in any given month last year.

Although federal appropriations for drug assistance have risen
dramatically, ADAPs are being squeezed as the number of low-income people living with HIV expands and the cost of drug treatments soars, the report notes. Combination antiretroviral therapies can cost a whopping $10,000 to $12,000 per client annually, it says.

Just buying Viracept at federal ceiling prices would have saved ADAPs $14 million last year, the evaluation finds.

The OIG concludes that lower acquisition costs would help ADAPs provide lifesaving drugs. "Fundamentally, any program savings translates into an enhanced ability to serve those in need," it stated.

While the Health Resources and Services Administration, which directs Ryan White resources, agreed with the report’s findings, staff from the office of the Assistant Secretary for Planning and Evaluation worried that allowing ADAPs to use the federal ceiling price might affect the low prices that the VA and the Big 4 enjoy. But according to the OIG, allowing ADAPs to use federal ceiling prices would "merely provide them with an equitable starting point" for negotiating better prices.