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Patient Assistance Programs

Life under The Affordable Care Act

By Anthony Vecchione

One of the many consequences of the Affordable Care Act (ACA) has been its impact on the Medicaid program and subsequently, charity care and patient assistance programs.

While all states are required to participate in ACA, not all states have to adopt Medicaid expansion. Numerous studies have shown that charity care numbers have decreased in expansion states.

A 2014 report by the Department of Health & Human Services (HHS) determined that hospitals in Medicaid expansion states have seen substantial declines in their admission volumes of uninsured patients, in their volumes of uninsured patients visiting the ED and increases in admissions that are covered by Medicaid.

HHS data indicates that hospitals in non-expansion states report little change in these volumes. Uncompensated care coverage (UCC) costs are likely declining among hospitals, particularly among hospitals in Medicaid expansion states.

A 2014 analysis by the Colorado Hospital Association (CHA) showed that the Medicaid proportion of hospital volume at hospitals in states that expanded Medicaid increased substantially in the first quarter of 2014. According to data from CHA, "the proportion of self-pay and overall charity care declined in expansion-state hospitals. Medicaid self-pay and charity care showed no change outside normal variation for hospitals in non-expansion states in 2014." In addition, the increase in Medicaid volume, which occurred in expansion states, is directly related to Medicaid expansion. "The parallel decrease in self-pay and charity care shows that previously uninsured patients are now enrolled in Medicaid," according to CHA's analysis.

According to Jill Masson, director, business development for AmerisourceBergen's Pharmacy Healthcare Solutions (PHS), hospitals will still have to give the same charity they've always given. "That's not going to change."

She added that charity care is not going away and that hospitals will have to give charity

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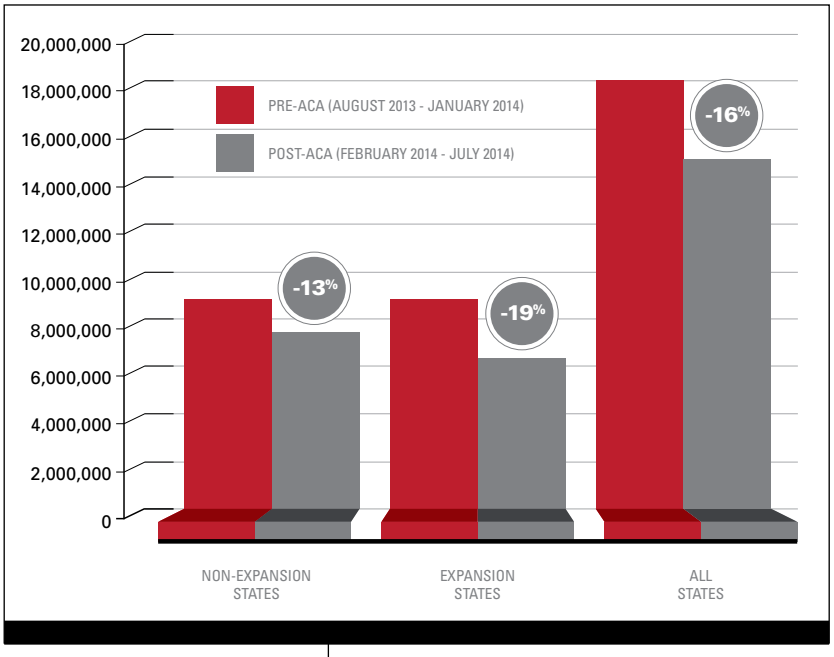
FIG. 1 - ACA'S IMPACT ON PAP RECOVERY IN MEDICAID EXPANSION STATES VS. NON-MEDICAID EXPANSION STATES



care to patients even in expansion states. "There will be decreases because we'll have more insured patients and by 2020, 50% of patient assistance programs will still be there," said Masson.

PHS provides consulting services to hospitals as well as a patient assistance program through its parent company AmerisourceBergen. The program provides product replacement for indigent patients as well as drug and device replacement for underinsured patients.

"We're going back to all of our clients and saying we need to get a co-pay deductible program in place because of the Medicaid expansion," said Masson, who added, "because of the high cost and high deductible of these programs, hospitals are seeing more insured patients but they have extremely high copays and deductibles. We are expanding all of our current existing clients to include co-pay and deductible programs."

In addition, according to industry experts, states are struggling with how they are going to fund the programs once federal funding is cut. They also have concerns regarding the impact of immigration reform and what that will mean to the ACA.

IMPACT ON PROGRAMS

The decision for a state to opt in or out of Medicaid expansion has had a significant impact on patient assistance programs at hospitals and health systems.

Questions pharmacy experts are asking these days include: how are the various patient assistance programs faring in the wake of the ACA? How have they changed and are they still relevant?

In Illinois, a Medicaid expansion state, Travis Hunerdosse, pharmacy manager at Northwestern Memorial Hospital in Chicago, said that what he likes about the ACA is that it's giving people in the state expanded access, in other words, people who otherwise may not have qualified.

Hunerdosse said that there has been a big push for "Get Covered Illinois," a website that directs residents to Illinois' new healthcare exchange. "It's not just for the underserved, it's for low-income, younger population and people who may not have had an employer plan in the past," said Hunderdosse.

When asked to compare the current state of patient assistance programs prior to the adoption of ACA, Hunerdosse said that the process hasn't changed too much. "If we identify a patient in need, they still work with our financial counselors and they work with our RecoveRx program to get somebody enrolled in a patient assistance program."

The patient assistance program at Northwestern Memorial Hospital includes the medication piece of a patient's care including expensive cancer drugs.

Going forward under the ACA, Hunerdosse said the hospital would keep the same process. "The process works well for us because maybe somebody who didn't sign up for healthcare or the healthcare that they do have isn't covering the expensive cancer medications. It's a big deal for our patients to have access to the meds that they need."

Hunerdosse said the hospital is going to rely on patient assistance programs even as they roll out the ACA even further.

"The patient assistance program is going to continue to be very important for hospitals and health systems to deliver care to the underprivileged patient population."

According to Hunerdosse, for some people it's not a matter of being covered but it's having the appropriate coverage under their medical plan.

For example, if a low-risk patient, a young patient in their twenties with no health risk, gets diagnosed with cancer, the patient's health plan

ON THE WEB

Stratify pure self-pay patients with specialized attention focused on Medicaid, medical assistance or charity care as early in the revenue cycle as possible. Read **"Financial Health"** at http://healthcare-executive-insight.advanceweb.com/Archives/Article-Archives/Financial-Health.aspx

The decision for a state to opt in or out of Medicaid expansion has had a significant impact on patient assistance programs at hospitals and health systems.

might not be adequate to cover all of their needs and the out-of-pocket may be higher than expected.

"We want to make sure that our patients have access to the medication that they need to treat their disease," said Hunerdosse.

Tim Jennings, vice president, Pharmacy Services, at Sentara Healthcare System in Virginia, a non-Medicaid expansion state, said that if Medicaid hasn't expanded in a state, he doesn't think that hospitals have really felt the benefits of the ACA by having more insured patients.

In addition, Jennings said he's concerned about the dangers associated with new products. "There are no pricing protections. You've seen it with some of the hepatitis B drugs; those are the ones that have gotten the most press lately. There's not justification for why drugs cost so much and states and others are starting to foot a lot of that bill."

He said that many state Medicaid agencies are footing the bill for hepatitis C drugs, for example, so states themselves have become very interested in what hepatitis C costs because it can be a multi-million dollar hit, above what they are currently spending.

Jennings noted that if the industry is putting so much effort into these high costs, if they're not balanced with appropriate patient assistance programs, the industry is going to be under a lot of pressure to say: "all you want to do is just drive greater expense and you're cutting back on some of the basis programs that are out there."

Prices of drugs, asserted Jennings, are not going down, they're going up. "Historically, patient assistance programs, if they don't address that, they are going to get a tarnished reputation for just driving up cost without having anything to support the ones who are stuck in the middle. Not the true indigent, the working class," Jennings said.

In addition, said Jennings, companies that manage patient assistance programs can change the requirements and over time certain drugs are no longer offered in the program and as a result, many drugs have been eliminated.

"What patient assistance programs do for us is if you qualify for a patient assistance program, then we get the drug for a modified cost, they get the drug for a hugely modified cost and we wipe out the charges on that so the benefits to the patient are that they get access to drugs," said Eddie Gutshall, pharmacy business manager, Sentara Healthcare System. "That's a good thing for a hospital because it helps us absorb some of that indigent care,

Jennings said the impact on patient assistance hasn't been that noticeable.

"The number of people in the exchange program is miniscule compared to the total population out there, at least from our perspective I don't see a big difference. If we had Medicaid expansion, we would notice that more."

When asked if the diminished cost of recovery affects the bottom line and if there are savings to be realized from implementing a comprehensive patient assistance program, Jennings said the savings is for those patients who qualify. "We're able to get the drug at a much decreased rate. I'm to provide care to that qualified patient at a greatly reduced cost that we wouldn't have gotten reimbursed for in the past anyway."

Gutshall said that with the recovered drugs, the savings is passed on to the patient.

"We write off their bill for that drug as soon as we know that they qualify. They don't get charged for that drug at all. We give them the drug, they don't get charged and the industry gives us the drug as a replacement for what we have for that indigent patient," said Gutshall," adding: "Every one of the recoveries are brand name drugs, as soon as it goes to generic, they drop the patient assistance program."

Among the concerns that hospital administrators have is how the diminished cost of recovery would affect their bottom line or how much of a savings would be realized from implementing a comprehensive patient assistance program. In addition, pharmacy directors might question how their pharmacy process would be affected. According to data from PHS, [see chart], recovery has decreased 19% for expansion states and only 13% for non-expansion states post-ACA.

Jennings said that the ACA is cutting back on the number of people applying for patient assistance. "For every patient that came in two years ago 2013 that didn't have coverage, some of those patients that came in this year who now have insurance. As soon as you have insurance and if you signed up for the ACA and you're awaiting a response, you are ineligible for patient assistance, that is a change," said Jennings.

Rex Seaborn, manager of business Operations in the Department of Pharmacy at UAB Hospital in Birmingham, said that from an indigent drug replacement program perspective, not a whole lot has changed under the ACA.

"Some of that is related to the types of drugs that we're using here, a lot of it has to do with our payer mix."

Alabama has not expanded Medicaid and it does not have a state exchange.

Seaborn said that one of the issues that he has run into is that a patient can come in and get a drug that under a patient assistance program, but the patient may have applied for Medicaid and they may stay Medicaid-pending for months.

"And we can't get that product replaced until a decision has been made as to whether they will get Medicaid or not," said Seaborn.

To that end, said Seaborn, "under Medicaid expansion, we would probably have much more of that because we would have many more people eligible for Medicaid if we opted into the exchanges. Over the past year my product replacement has actually been going up." EI