

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 950 (First Edition)

SHORT TITLE: Raise ADAP Income Limit

SPONSOR(S): Representative Wright

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
Requirements	\$5.1M	\$5.61	\$6.2M	\$6.8	\$7.46
REVENUES (Manufacturer's Rebates and an additional \$900,000 in federal funds)	\$1,300,000	\$1,348,000	\$1,396,000	\$1,444,000	\$1,496,000
State Appropriation	\$3.8M	\$4.2M	\$4.8M	\$5.3M	5.9M
POSITIONS:	0	0	0	0	0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Department of Health and Human Services Division of Public Health				
EFFECTIVE DATE:	July 1, 2001				

BILL SUMMARY All HIV-positive individuals with incomes at or below 250% of the federal poverty level (FPL) are eligible for participation in the AIDS Drug Assistance Program (ADAP).

The ADAP Program is funded through a combination of state and federal funds to provide low-income residents with assistance in purchasing medications to fight HIV/AIDS and the opportunistic infections that may accompany the disease. The current eligibility for the ADAP program is 125% FPL.

ASSUMPTIONS AND METHODOLOGY: The cost assumes that an increase in eligibility to 250% of the federal poverty level will result in more individuals served by the ADAP program and an increase in the state's share of program costs.

It is estimated that approximately 600 additional persons will enroll in the program. The utilization rate is the percentage of enrollees who actually have claims paid by the program. For participants in FY2000, the average utilization rate was 36%. As of January 2001, the utilization rate is also at 36%; however, when compared to the same time period as last year, the rate is approximately 13% higher. It is anticipated that the utilization rate will continue to increase at a higher rate, due to the Division of Public Health's efforts to understand and increase participation levels. The cost assumes an increase of utilization to 55% for FY2002. That would mean that an additional 330 individuals would actually use the program of the anticipated 600 enrollees.

The average cost of prescriptions was \$1,100 per month per client for FY2000, and based on current monthly costs for FY2001, it is projected that the average cost will be \$1,200 per month per client for FY2001. It is projected that costs will continue to increase by approximately 10% as new drugs are developed to treat AIDS patients (which is in line with an approximate 10% increase from FY2000); therefore, it is projected that monthly costs per person will be \$1,300 per month in FY2002, and the annual cost per client will be \$15,600. The additional total cost is projected to be \$5,148,000 for FY 2002, for the ADAP program.

The projected revenues include the manufacturers' rebates and additional federal funding. The Department of Health and Human Services expects an increase of \$900,000 for FY2002 and FY2003, in Ryan White federal funding. The future of increased federal funding is uncertain for future years; therefore, only \$900,000 is included for the additional three years of the projections for this fiscal note. The manufacturers' rebates amount is approximately 8% of the total drug costs, which would be an increase of \$400,000 for the first year and is increased proportionately to the total drug costs for the remaining years.

TECHNICAL CONSIDERATIONS: The new program participants, as a result of the raise in eligibility to 250% FPL, may have a higher consistency with drug/program utilization. This would result in an increased utilization rate for the overall ADAP program. This consideration is taken into account when estimating the utilization rate increase to be 55% for FY2002, and the remaining years.

FISCAL RESEARCH DIVISION 733-4910

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