

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MAXIMIZING DRUG
DISCOUNTS UNDER THE MISSOURI
RYAN WHITE PROGRAM**

**FOR THE PERIOD
APRIL 1, 1996 TO DECEMBER 31, 1996**



**JUNE GIBBS BROWN
Inspector General**

MAY 1997
CIN: A-07-97-00926



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Office of Audit Services

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

CIN: A-07-97-00926
May 9, 1997

Mr. Ronald Cates, Interim Director
Missouri Department of Health
P.O. Box 570
Jefferson City, Missouri 65 102-0570

Dear Mr. Cates:

This report provides you with the results of an Office of Inspector General (OIG), Office of Audit Services (OAS) review *titled Maximizing Drug Discounts Under the Missouri Ryan White Program*. The objective of our review was to determine the adequacy of procedures for effectively maximizing available discount drug pricing programs. Specifically, we compared drug prices obtained from the Department of Health (State) under the Ryan White Care Act, Title II (Title II) and the AIDS Drug Assistance Program (ADAP) programs with drug prices obtained from the Department of Social Services under the Medicaid program in Missouri. The review covered drugs totalling \$270,335 paid during the period April 1, 1996 through December 31, 1996.

Generally, we found that drug prices under Title II and ADAP are comparable to drug prices under Medicaid. The State should continue to monitor drug prices to minimize future costs as the program expands.

INTRODUCTION

BACKGROUND

Title II is a Federal program that provides funding to states and **local** governments for providing AIDS related services for persons who cannot receive assistance elsewhere. Within Federal guidelines, Health Resources and Services Administration provides general oversight and the states design and administer their individual Title II programs. The program, authorized by the Ryan White Comprehensive AIDS Resources Emergency Act of 1990, requires states to establish and operate care consortia to assist persons infected with the Human Immunodeficiency Virus (HIV) and to provide care to persons with HIV disease.

The ADAP program was established as a supplemental grant under Title II to provide therapeutics to treat HIV disease or prevent serious deterioration of health arising from HIV disease in eligible individuals. ADAP was authorized by The Ryan White Care Act Amendments of 1996, Section 2616.

OBJECTIVE, SCOPE AND METHODOLOGY

We conducted our review in accordance with generally accepted government auditing standards. The objective of our review was to determine the adequacy of procedures for effectively maximizing available discount drug pricing programs. Specifically, we compared drug prices under the Title II and ADAP programs with Medicaid drug prices (excluding rebates) in Missouri.

To accomplish our objective, we:

- o Obtained an understanding of the Title II and ADAP programs.
- o Reviewed State policies and procedures for payments regarding medications.
- o Obtained drug reimbursement data from the Missouri Medicaid program for the period April 1, 1996 through December 31, 1996.
- o Obtained drug reimbursement data from the Title II and ADAP programs for the period April 1, 1996 through December 31, 1996.

Our evaluation of internal controls was limited to evaluating the reimbursement function related to drug services with contractors. Specifically, we reviewed State policies, procedures, and instructions for the reimbursement of drug services.

We performed our review during the period January through March, 1997. During this period, we visited the State office in Jefferson City, Missouri.

RESULTS OF REVIEW

Generally, we found that drug prices under Title II and ADAP were comparable to drug prices under Medicaid. For drugs **totalling** \$270,335, Title II and ADAP paid \$46,991 less than the amount Medicaid would have paid. The difference is mainly due to one drug, Retrovir. The Title II and ADAP programs usually buy this drug in bulk and pay a lower cost per unit. Medicaid's cost for this drug would have been \$91,430, while Title II and ADAP paid \$35,178, a difference of \$56,252. If this drug was not in the comparison, the Title II and ADAP programs would have paid \$9,261 more than the amount Medicaid would have paid.

We are not making formal recommendations at this time, however, because the programs are expanding, we believe the State should continue to monitor drug prices to minimize future drug costs.

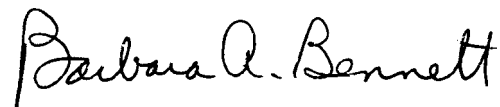
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Should you have any questions or wish to discuss the report in further detail, please contact **Allan K. Pewe**, Audit Manager, at (816) 426-3591 Extension 259. Please refer to the Common Identification Number (**CIN**) in all correspondence about this report.

Sincerely,

A handwritten signature in black ink that reads "Barbara A. Bennett". The signature is written in a cursive style with a large initial 'B'.

Barbara A. Bennett
Regional Inspector General
for Audit Services