

AIDS Foundation OF CHICAGO

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The Medicare Part D/AIDS Drug Assistance Program Coordination Act (P.A. 94-0909) Help for Low-Income Medicare Beneficiaries Living with HIV/AIDS

P.A. 94-0909 expands the Illinois Cares Rx program to cover HIV medications for people who are eligible for the new Medicare drug benefit but cannot afford the out-of-pocket costs. The law makes good public health and fiscal sense by helping people with HIV obtain lifesaving HIV medications and maximizing federal Medicare spending for AIDS care in Illinois. The act passed the House 111-1 on February 1, and the Senate 49-0 on March 27, and was signed into law by Governor Rod Blagojevich on June 23, 2006.

Under an expanded Illinois Cares Rx program, the state would spend 63% less per Medicare-eligible client than it would spend through AIDS Drug Assistance Program (ADAP). By shifting costs from ADAP to Illinois Cares Rx, the state would reduce its future outlays for AIDS care by more than \$1.5 million annually.

P.A. 94-0909 Makes Fiscal Sense

On average, ADAP spends \$12,200 per year to provide HIV drugs for each client. An estimated 195 ADAP clients with annual incomes between 135% and 200% of the federal poverty level (roughly \$13,000 to \$19,000) are eligible for both ADAP and Medicare, but cannot afford Medicare's steep out-of-pocket prescription drug costs. Instead, these clients must rely on ADAP, which is free for eligible residents, to obtain their life-extending medications.

Illinois can maximize the federal Medicare drug benefit and reduce its expenses by assisting these individuals through Illinois Cares Rx instead of ADAP. Under P.A. 94-0909, after the state pays approximately \$4,500 in Medicare cost-sharing, the federal government pays 95% of a beneficiary's drug costs. By shifting costs from ADAP to Illinois Cares Rx, the state would spend 63% or approximately \$7,700 less per HIV-positive Medicare beneficiary.

P.A. 94-0909 does the following:

- **Maximizes federal benefits for people with HIV.** By helping low-income people with HIV afford the Medicare drug benefit, the federal government—not Illinois—pays for high drug costs.
- **Keeps pace with Illinois ADAP growth while federal ADAP support diminishes:** The legislation costs just \$880,000 but saves \$2.3 million or more in future ADAP costs. By helping people with HIV maximize other payment sources, the state can ensure that ADAP remains available for all who need its assistance.
- **Continues the state's commitment to healthcare expansion:** Because of the nature of HIV and the importance of strict adherence to a complex and costly drug regimen, Illinois has made a public health decision to provide HIV medications no cost to all low-income residents who need them. P.A. 94-0909 continues this commitment, but with different funding sources: Illinois Cares Rx and Medicare. For non-HIV drugs, people with HIV will face the same costs as others on Illinois Cares Rx.

Please see the next page for more information. Please contact John Peller, Director of State Affairs, at (312) 719-6208.

**The Medicare Part D/AIDS Drug Assistance Program Coordination Act (P.A. 94-0909)
Help for Low-Income Medicare Beneficiaries Living with HIV/AIDS**

AIDS Drug Assistance Program cost to provide drugs to low-income Medicare beneficiaries with HIV:

Average ADAP cost: \$12,192 (per year per person) x 195 people = \$2,377,440

Estimated cost under H.B. 4302 for Illinois Cares Rx to provide drugs to people with HIV (with premiums and cost-sharing covered to the state):

\$4,527 per person per year x 195 people = \$882,765.

ANNUAL REDUCED PRESCRIPTION DRUG COST: \$1,495,675

Shifting costs from ADAP to Illinois Cares Rx results in 63% less state spending per HIV-positive Medicare beneficiary.

For more information, please visit the AIDS Foundation of Chicago online at www.aidschicago.org or contact John Peller, Director of State Affairs, at (312) 719-6208.