

Assessing the Financial Impact of a Patient Assistance Program

A wide spectrum of hospitals, free clinics, health centers, community support agencies, individual physicians and other healthcare providers participate in patient assistance programs (PAP) to secure prescription drugs for uninsured and underinsured patients. Most providers serve a specific community, patient population or use “walk-up” and other screening methods to identify eligible patients.

Providers, support agencies, commercial PAP support system companies and the pharmaceutical industry have divergent interests in identifying the impact of the donated medications, and in ensuring that the public recognize the magnitude of the effort and resources delivered to patient care. Further, planning services to meet the mission of support organizations requires a common understanding of the costs and values of medication and related services. Provider organizations may purchase medications, receive donated samples or overstock supplies, secure medications through individual PAP enrollment and participate in “bulk” PAP programs. All of the stakeholders are interested in attributing the highest value to the medications to gain recognition for the magnitude of their efforts.

Accounting for the labor, professional services, and other support that is required to make these programs work can also be problematic. Many organizations do not set aside specific individuals, allocate time, or account for volunteer efforts in a consistent fashion. Each stream of medications (Individual PAP, Bulk PAP, Purchased Medications, and Donated Medications) requires a significantly different amount of professional, clerical and management time to administer.

Because pharmaceutical pricing varies widely across providers, cost and value comparisons between providers and across classes of providers are difficult. Average Wholesale Price “AWP”, the only consistent publicly available cost benchmark, significantly inflates the apparent cost and value of PAP medications. AWP should be considered an inappropriate measure of cost and value, as it does not reflect the usual cost to patients or providers for medications. Providers who access hospital group purchasing “GPO” prices, those who have access to Federal 340B prices must consider how these significant discounts should be considered in reports and assessments of their program.

Measuring and managing financial and other data associated with these programs is essential to ensuring the necessary appreciation and understanding to support the continuation of each program. Pharmacists and others who manage patient assistance programs should consider the potential use and scope of the information that they develop to support their program.

The following principles should be used when developing financial assessments of patient assistance programs.

- PAP programs should maintain regular prescription records in accordance with applicable state pharmacy regulations. These records should form the basis of any business, regulatory and charitable assessment of the program. These records should include patient profiles, costs, charges and other accounting for resources, including waste and disposal of expired and otherwise unusable medications.
- PAP programs should maintain regular business records to ensure that costs of the program are appropriately and regularly reported and that necessary records are kept to ensure that program integrity is maintained. State and federally qualified programs (including FQHC's and other 340B-eligible programs) should ensure that patient eligibility requirement records are maintained and that laws and regulations regulating medication sales, e.g. Prescription Drug Marketing Act, are followed.
- Programs that serve patients who pay cash, or patients who are otherwise ineligible for PAP should develop accounting systems sufficient to make certain that medications used, drug inventory and other costs are segregated to ensure continuing eligibility for PAP and other support programs.
- Sufficient professional pharmacy resources should be secured to ensure the appropriate handling and dispensing of medications. A Pharmacy Director, Chief Pharmacist or pharmacist-in-charge should provide program oversight and ensure that appropriate resources are optimally employed to ensure positive pharmaceutical care outcomes.
- Reports of costs and value associated with PAP programs should clearly state the program mission, and outline the method (Bulk PAP, Individual PAP, donated medications, samples) used by the program.
- Program costs such as staff time, rent, utilities, supplies and other services should be included in program reporting and be valued at real local market cost. A reasonable effort should be made to identify real and avoided costs, including volunteer time.
- Medication costs and benefits should be reported as prescriptions delivered to patients. Receipts, prescriptions filled, and other indicators of scope and volume may be reported in addition, but the focus should remain on patients treated rather than on intermediate program achievements. Prescriptions returned to stock, medications donated but not dispensed, and product wasted or destroyed should be identified as such in program reports.

- Publicly reported cost avoidance or medication value should be reported at the provider's acquisition cost. Although this method significantly discounts the apparent value of 340B-eligible provider's contributions, this cost method correlates with cost avoidance for safety net providers, and is a reasonable proxy for Medicaid Best Price. Alternatively, costs and value reported publicly may include a reasonable representation of the value based on the prescription price that would have been paid by the patient at retail through the providers own program, not other retail outlets.
- Secondary cost and value assessments may be made, but should be identified in relation to the base cost and value methods described above.

A well-run patient assistance program provides necessary and otherwise unavailable medication access. Business and professional support of the program ensures its' continued viability and community impact.