

# ***Clarifications Regarding the Use of Ryan White HIV/AIDS Program Funds for Health Care Coverage Premium and Cost Sharing Assistance***

*Policy Clarification Notice (PCN) #18-01 (revised 08/30/2018)*

*Replaces PCNs #07-05, #13-05, and #13-06*

*Relates to PCNs #13-01, #13-04, #14-01, and #16-02*

## **Scope of Coverage**

Ryan White HIV/AIDS Program Parts A, B (including the AIDS Drug Assistance Program [ADAP]), C, D, and Part F where funding supports direct care and treatment services.

## **Purpose of PCN**

This PCN streamlines the Health Resources and Services Administration (HRSA) HIV/AIDS Bureau (HRSA HAB) policy regarding the use of Ryan White HIV/AIDS Program (RWHAP) funds for premium and cost sharing assistance for the purchase and maintenance of private health insurance, Medicaid, and Medicare coverage. This updated PCN simplifies and replaces the following three notices: 07-05 *Use of Ryan White HIV/AIDS Program Part B ADAP Funds to Purchase Health Insurance*; 13-05 *Clarifications Regarding Use of Ryan White HIV/AIDS Program Funds for Premium and Cost-Sharing Assistance for Private Health Insurance*; and 13-06 *Clarifications Regarding Use of Ryan White HIV/AIDS Program Funds for Premium and Cost-Sharing Assistance for Medicaid*.

## **Background**

The RWHAP statute, codified at title XXVI of the Public Health Service Act, stipulates that RWHAP funds may not be used “for any item or service to the extent that payment has been made, or can reasonably be expected to be made...” by another payment source.<sup>1</sup> Recipients must assure that funded providers make reasonable efforts to secure non-RWHAP funds whenever possible for services to individual clients. RWHAP recipients and their subrecipients are expected to vigorously pursue enrollment into health care coverage for which their clients may

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<sup>1</sup> See Sections 2605(a)(6), 2617(b)(7)(F), 2664(f)(1), and 2671(i) of the Public Health Service Act.

be eligible (e.g., Medicaid, Children's Health Insurance Program (CHIP), Medicare, state-funded HIV programs, employer-sponsored health insurance coverage, and/or other private health insurance) in order to maximize finite RWHAP grant resources.

The RWHAP, as the payor of last resort will continue to fund RWHAP services not covered, or partially covered, by public or private health care coverage. RWHAP recipients and subrecipients should consider assisting individual clients by paying for premiums and/or cost sharing, if cost effective.

## General Guidance and Expectations

### Using RWHAP Part A, Part B, ADAP, Part C, and Part D Funds to Pay for Health Care Coverage

According to RWHAP statute, funds awarded under RWHAP Parts A, B, and C may be used to support the HRSA RWHAP core medical service "Health Insurance Premium and Cost Sharing Assistance for Low-Income Individuals," regardless of the kind of health care coverage (public or private), in accordance with Section 2615 of the Public Health Service Act (Continuum of Health Insurance Coverage) and HRSA HAB PCN [16-02 \*Ryan White HIV/AIDS Program Services: Eligible Individuals and Allowable Uses of Funds\*](#).<sup>2</sup>

According to statute, funds awarded under RWHAP ADAP may be used to cover costs associated with health care coverage. Health care coverage costs that are allowable uses of RWHAP ADAP funds include premiums and medication cost sharing, in accordance with Section 2616 of the Public Health Service Act (Provision of Treatments) and HRSA HAB PCN 16-02, regardless of the kind of health care coverage (public or private).

RWHAP Part D recipients may use funds to support the HRSA RWHAP core medical service "Health Insurance Premium and Cost Sharing Assistance for Low-Income Individuals," in accordance with HRSA HAB PCN 16-02.

All RWHAP recipients must determine how to operationalize their health care coverage premium and cost sharing assistance programs and demonstrate that:

1. Clients obtain health care coverage that at a minimum, includes at least one U.S. Food and Drug Administration (FDA) approved medicine in each drug class of core antiretroviral medicines outlined in the U.S. Department of

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<sup>2</sup> See Section 2604(c)(3)(F), Section 2612(c)(3)(F), and Section 2651(c)(3)(F) of the Public Health Service Act.

Health and Human Services' Clinical Guidelines for the Treatment of HIV,<sup>3</sup> as well as appropriate HIV outpatient/ambulatory health services; and

2. The cost of paying for the health care coverage (including all other sources of premium and cost sharing assistance) is cost-effective in the aggregate versus paying for the full cost for medications *and* other appropriate HIV outpatient/ambulatory health services (RWHAP Part A, RWHAP Part B, RWHAP Part C, and RWHAP Part D). RWHAP ADAP must determine the cost of paying for the health care coverage is cost-effective in the aggregate *versus paying for the full cost for medications*.

RWHAP Parts A, B, C, and D recipients may consider providing their health insurance premiums and cost sharing resource allocation to their state RWHAP ADAP, particularly where the ADAP has the infrastructure to verify health care coverage status and process payments for public or private health care coverage premiums and cost sharing.

RWHAP recipients must be able, upon request, to demonstrate the methodologies applied for determining compliance with these two requirements. As with other allowable costs, recipients are responsible for accounting and reporting on funds used for this purpose.

## Guidance and Expectations for Specific Types of Health Care Coverage

### Private Health Insurance

Private health insurance consists of any health care coverage that can be purchased by an individual or an employer. This includes private health insurance associated with employment (e.g., employer-sponsored or continuation of health care coverage such as Consolidated Omnibus Budget Reconciliation Act (COBRA)) and private health insurance otherwise available for purchase by an individual or family. Private health insurance plans must, at a minimum, provide comprehensive primary health care services, deemed adequate by the state. RWHAP funds may be used to cover the cost of private health insurance premiums and cost sharing (including deductibles, copayments, and coinsurance) to assist eligible low-income clients in maintaining private health insurance or receiving medical benefits under a health insurance or benefits program, including high-risk pools. However, RWHAP funds must not be used to pay for any administrative costs outside of the premium payment of health plans or high-risk pools. It is particularly important that all sources of premium and cost sharing assistance<sup>4</sup> are included in the cost

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<sup>3</sup> <https://aidsinfo.nih.gov/guidelines>

<sup>4</sup> Advance premium tax credits and other federal or state cost sharing reductions may be available and need to be considered in cost-effectiveness determinations.

effectiveness calculation. RWHAP recipients must vigorously pursue these other sources of premium and cost sharing assistance to ensure RWHAP remains the payor of last resort.

## **Medicaid**

Medicaid provides health care coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. Medicaid is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.

In some states, Medicaid-eligible clients may incur premium expenses and/or cost sharing. RWHAP funds may be used to pay the cost of Medicaid premiums, deductibles, and copayments consistent with federal regulations and RWHAP policy.

Some states may use Medicaid funds to provide Medicaid-equivalent coverage through the purchase of private health insurance. In instances where the private health insurance does not meet Medicaid standards, the Medicaid program must provide the wrap-around coverage and cost sharing assistance necessary to make the coverage Medicaid-equivalent. RWHAP funds must not be used to pay for premiums or cost sharing assistance for private health plans that are paid for or reasonably expected to be paid for by Medicaid. However, RWHAP funds may be used to pay for any remaining premium and/or cost sharing amounts not covered by Medicaid.

Recipients and subrecipients are strongly encouraged to work with their state Medicaid program to coordinate payment of premiums and cost sharing for clients, where permitted.

## **Medicare**

Medicare is health care coverage for people who are age 65 and older and certain other populations affected by disability funded and administered by the Centers for Medicare & Medicaid Services (CMS). There are four parts:

- Medicare Part A (hospital insurance) covers inpatient hospital care, skilled nursing facility, hospice, lab tests, surgery, and home health care;
- Medicare Part B (medical insurance) covers doctor and other health care providers' services, outpatient care, durable medical equipment, home health care, and some preventive services;
- Medicare Part C (Medicare Advantage Plans) provides Medicare Part A and B benefits, and may include prescription drug coverage (Part D); and

- Medicare Part D Medicare Prescription Drug Coverage - covers prescription drugs.<sup>5</sup>

RWHAP funds may be used to pay for Medicare premiums and cost sharing associated with Medicare Parts B, C, and D coverage, when doing so is determined to be cost effective in the aggregate and includes coverage for both outpatient/ambulatory health services and prescription drug coverage that includes at least one drug in each class of core antiretroviral therapeutics, as described above.

To meet this requirement, RWHAP Part A, B, C, and D recipients may use funds to pay for Medicare Part B (outpatient/ambulatory health services) premiums and cost sharing, but must also pay for the Medicare Part D (medication) premiums and cost sharing. RWHAP Part A, B, C, and D recipients may also use funds to pay for Medicare Part C premiums and cost sharing assistance, when the plan covers both outpatient ambulatory health services and at least one medication in each drug class of core antiretrovirals. If the Medicare Part C plan does not cover at least one medication in each drug class of core antiretrovirals, the RWHAP Parts A, B, C, and D recipients, must also pay for Medicare Part D premiums and cost sharing to meet the RWHAP requirement for health care coverage.

RWHAP Parts A, B, C, and D may not pay premiums for Medicare Part D alone; however, *RWHAP ADAP funds may be used to pay Medicare Part D premiums and cost sharing assistance alone, when it is cost-effective to do so versus paying for the full cost of medications.* RWHAP funds must not be used to pay for premiums or cost sharing assistance for Medicare Part A, as inpatient care is not a RWHAP allowable cost (see Table 1).

**Table 1. Medicare Costs Allowable in the RWHAP**

<b>Medicare Part</b>	<b>RWHAP Funds</b>
Medicare Part A	Must not be used by any RWHAP recipient to pay premiums or cost sharing.
Medicare Part B	May be used by all RWHAP recipients to pay premiums and/or cost sharing in conjunction with paying for Medicare Part D premiums or cost sharing.
Medicare Part C	May be used by all RWHAP recipients to pay premiums and/or cost sharing when the Medicare Part C plan includes prescription drug coverage; or in conjunction with paying for Medicare Part D premiums and cost sharing for plans that do not include prescription drug coverage.

<sup>5</sup> See What Medicare Covers: <https://www.medicare.gov/what-medicare-covers/index.html>

<b>Medicare Part</b>	<b>RWHAP Funds</b>
Medicare Part D	May be used by RWHAP Part A, B, C, and D recipients to pay premiums or cost sharing in conjunction with paying Medicare Part B or Medicare Part C premiums or cost sharing
Medicare Part D <i>(continued)</i>	May be used by RWHAP ADAP recipients to pay Medicare Part D premiums and cost sharing when cost effective versus paying for the full cost of medications.

RWHAP funds must not be used to reimburse Medicare Part B premiums paid by clients because cash and cash-equivalent payments to RWHAP clients are prohibited. However, state or local government entities or other organizations can enter into a group-billing arrangement with CMS to pay Medicare Part B premiums directly to CMS (42 C.F.R. section 408.60).

RWHAP recipients should refer to HRSA HAB PCN 16-02 for additional information regarding paying health insurance premiums and cost sharing assistance.

**Conclusion**

RWHAP funds may be used to help clients purchase and maintain health care coverage, in accordance with RWHAP statute and policy. The payor of last resort requirement when applied to health care coverage requires RWHAP recipients and subrecipients to consider other sources of premium and cost sharing payment when determining how to operationalize a premium and cost sharing assistance program. Recipients and subrecipients also should work directly with private health insurance issuers, Medicaid, and/or Medicare to coordinate payment of premiums and cost sharing for clients.

*Effective Date: June 20, 2018*