



September 28, 2017

Greg Walden, Chairman  
Committee on Energy and Commerce

Tim Murphy, Chairman  
Subcommittee on Oversight and Investigation

Dear Chairmen Walden and Murphy:

In response to your letter dated September 11, 2017, I respectfully submit the following:

#### Overview

Northland Cares is a 501(c)(3) non-profit organization specifically founded to meet the specialized needs of people living with HIV/AIDS in northern Arizona. According to the 2017 Arizona HIV/AIDS Epidemiology Annual Report prepared by the Arizona Department of Health Services, the prevalence of people living with HIV residing in this vast geographic, culturally diverse area is 1,200 to 1,300 individuals. Our programs and services are designed to help people impacted by HIV to get into care and engage in healthy, whole, and vibrant lives. Our services are furnished in a nurturing, comfortable, caring and professional environment and are provided regardless of the patient's ability to pay, preferred language, sexual identity, mobility or other factors.

#### History

Northland Cares is based in Prescott, Arizona and has served its HIV/AIDS clients since 2002. As a small, community-based AIDS service organization (ASO), Northland Cares has a rich history of providing services to, and advocating on behalf of, those infected with HIV and AIDS. Northland Cares was borne out of a combination of two organizations, Yavapai HIV/AIDS Action (Prescott, AZ) and AIDS Outreach of Northern Arizona (Flagstaff, AZ), each with 10 years' experience providing support to people living with HIV/AIDS. The founders were parents, partners, and friends of those who succumbed to the devastation of the disease in the early days of the AIDS epidemic.

Since the merger of these two organizations in 2002, Northland Cares has emerged as the leading ASO in Northern Arizona. Long before we had a facility, Northland Cares established outpatient medical and support services to those impacted with the disease and became the sole ASO in Northern Arizona. At that time, outpatient medical care and emergency housing

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assistance were the only services provided. In 2009, Yavapai County Community Health Services ended its case management contract with the Ryan White Part B program. Northland Cares was selected to take over that contract, becoming the provider of both medical care and medical case management in a stand-alone clinic setting. This experience -- combined with more than 15 years of offering medical outpatient and comprehensive medical case management support services -- gives Northland Cares a unique understanding and expertise in caring for people with HIV/AIDS regardless of the extent of their needs.

#### Service Area/Services Provided

Northland Cares serves the far-reaching area of Yavapai County and portions of Gila, Coconino, Navajo, Apache and Mohave Counties. Northland Cares' service area encompasses 215,000 residents in Yavapai County alone. Providing HIV services in such a large rural region, spanning over 8,000 square miles just in Yavapai County, can require several hundred miles of driving to reach clients. We consider ourselves fortunate to have three part-time medical providers with HIV expertise. However, because of the distances involved, patients in some locations can only be seen by a clinician one day every two months. Others living closer to our facility can attend weekly or monthly clinics. To support our clients in the management of this chronic disease, we have 2.5 medical case managers who work closely with them in accessing resources in the community, including Ryan White funding and housing assistance through the Housing Opportunities for People With AIDS (HOPWA) program.

Northland Cares relies on a continuity-of-care model that promotes a strong provider/client relationship. The providers and medical case managers use a team approach in teaching clients about their health with the goal of keeping them virally suppressed in order to prevent further transmission of this communicable disease. Our patients often have multiple chronic conditions that require services and supplies that go well beyond their need for affordable medications. We take pride in knowing that we are on the front lines of controlling the spread of this epidemic because of the way we deliver comprehensive services. In addition to HIV specialty outpatient care, we offer prevention and harm reduction techniques, educational outreach programs, and HIV testing – *critical* elements of providing comprehensive care to people living with HIV/AIDS.

Our onsite services include the following:

- Fast, free and confidential HIV counseling and testing.
- Outpatient HIV specialty medical care provided by two dedicated HIV specialists.
- Ryan White medical case management services, including assistance with accessing AIDS Drugs Assistance Program (ADAP) benefits, Ryan White medical services, Delta Dental care and other support services.
- Access to housing through the HOPWA program.
- Short-term rental, mortgage, and utility assistance.

Our off site services include the following:



#### Payson

- Outpatient HIV specialty medical care. Once every two months, our Payson clinic provides a local HIV medical care option for people living with HIV/AIDS in Payson and surrounding areas.

#### Cottonwood / Sedona / Verde Valley

- Outpatient HIV specialty medical care provided by one of our dedicated HIV specialists.
- Ryan White medical case management services, including assistance with accessing ADAP, Ryan White medical care, Delta Dental benefits and other support services.
- Access to housing through HOPWA.
- Short-term rental, mortgage, and utility assistance

#### Mission/Vision/Values

Our mission is to improve the quality of life for those infected and affected by HIV/AIDS by providing care and education in the communities we serve. Our vision is a world where HIV infections are rare and diagnosed promptly, and in which those living with HIV are accepted as equal members of society and are treated with dignity and compassion. Our values are respect, compassion, commitment, expertise and to demonstrate professionalism and to strive for continuous quality improvement.

#### Northland Cares and 340B

The 340B program is a lifeline that allows safety net providers like Northland Cares and other Ryan White-funded HIV/AIDS clinics to obtain prescription drugs at substantial savings. With these savings, Ryan White clinics are able to fulfill the purpose of the 340B program, which is to “stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” As a 340B covered entity, Northland Cares can extend and enhance services to our 200 clients by covering much needed services that help maintain their health and significantly reduce transmittal of HIV in our communities. Those of us serving these populations know that, without this funding, we could not provide all the services our patients require.

Adherence to treatment is critical for people living with HIV. Northland Cares is proud of its record in the area of patient compliance and its ability to meet applicable federal guidelines set by the Health Resources Service Administration (HRSA) HIV/AIDS Bureau (HAB). Our ability to generate income through the 340B program is essential for funding the necessary staffing and quality management systems required by the Ryan White program. These services, which are generally not covered by insurance or any other funding sources, range from vision and dental care, transportation to medical appointments (there is no public transportation in our city or

county), emergency housing, utility and medication assistance, nutrition, immunizations, and mental health services.

We greatly appreciate that the 340B program supports community-based ASOs like Northland Cares and is funded through savings granted by the pharmaceutical industry, not with taxpayer funding. Without such support, we would be forced to request additional state or federal resources (that we understand are in short supply), to cut back services, or to close our doors entirely. The 340B program works well because it is not merely a prescription drug assistance program. Instead, it provides savings and revenue to “covered entities” that are in the best position to discern how best to serve their patients and communities.

As you contemplate making any changes to the 340B program, we strongly urge you to recognize that the 340B program functions well because of the flexibility it affords program participants in using program savings and revenue. Such flexibility is especially important for treating persons living with HIV/AIDS. We are concerned that the committee, by the nature of its questions, may be on a path toward limiting the program and/or imposing new regulatory burdens relating to program use, for example, by requiring covered entities to report on their charity care levels and/or calculated 340B savings. We are also concerned about potential restrictions on which patients can benefit from the program, or on which drugs are eligible for discounts. Dramatic changes in any of these areas could have serious and dire consequences for the patients we serve. Even if such changes were limited to a subset of the covered entity community and not imposed on us, it is likely that clinics like ours would be incapable of shouldering the increased burden of caring for more patients or providing more services.

1.

- a. Northland Cares works with one contract pharmacy that focuses on HIV patients. That contract was established in mid-2013, therefore there were no transactions in 2012. All 340B medications are shipped to the contract pharmacy; none are shipped to any of Northland Cares’ locations. Through the contract pharmacy, Northland Cares had the following number of prescription transactions, listed by year:

2013 = 112 transactions

2014 = 481 transactions

2015 = 544 transactions

2016 = 591 transactions

- b. As an HIV clinic, the drugs purchased by Northland Cares are primarily Anti-Retroviral and other HIV-related medications.



# Northland Cares

HIV Specialty  
Care Clinic

- c. Northland Cares' patients' insurance coverage (both Medicare and private) is variable throughout any given year and we do not have a fixed number on that information. Arizona state regulation requires us to carve out Medicaid, meaning we do not purchase 340B medications for Medicaid patients. On average, insurance coverage for Northland Cares clients/patients breaks down as follows:
- |                 |     |
|-----------------|-----|
| AHCCCS/Medicaid | 44% |
| Medicare        | 25% |
| Private         | 24% |
| Uninsured       | 7%  |
- d. The Ryan White program is a payer of last resort and therefore any patients who qualify for Ryan White assistance are essentially the uninsured or underinsured. Northland Cares wants to ensure that any uninsured or underinsured patients have access to necessary medications, as this is critically important for the patient's health as well as that of the entire community.
- e. Any savings would be the difference between the contract pharmacy's non-340B price for the medication and the medication's 340B price. Since Northland Cares does not have access to the pharmacy's non-340B prices, we are unable to answer this question.
- f. Northland Cares' charity care is defined as uncompensated care that includes direct services and assistance to clients/patients that is not covered by any public or private payer. It also includes the portion of overhead expenses that are not covered by Ryan White or HOPWA grants. Northland Cares entered the 340B program in late 2013 and the categories in our accounting program were updated in 2014 to reflect the various revenue and expense areas.
- |      |           |
|------|-----------|
| 2014 | \$149,089 |
| 2015 | \$155,848 |
| 2016 | \$202,906 |
- g. Every patient Northland Cares serves benefits from our ability to provide expert HIV medical and case management care due to our participation in the 340B program. Northland Cares' frontline role in halting the epidemic nature of HIV/AIDS has been significantly enhanced since our participation in the program which allows 340B covered entities like Ryan White clinics to determine the best services to meet our particular needs. As we are based in small rural communities in Northern Arizona where the stigma of HIV is still prevalent and
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can be a barrier to care, we can provide the case management, medical transportation, mental health, and other assistance that can make the difference between a patient seeing their medical provider regularly, taking their medications, and staying in care. The 340B program not only helps ensure the continued health of individuals living with HIV but also contributes to the public health of our communities. Because the Ryan White program is the payer of last resort, the patients/clients who qualify for assistance under the Ryan White grant would be considered as receiving charity care. Ninety to ninety-five percent of our clients (180-190) qualify for Ryan White services. Northland Cares provides critical services to all our patients/clients because these services are typically not covered by insurance.

2. Northland Cares receives 340B contract pharmacy revenue, as listed below. However, there are compliance costs associated with participating in the 340B program that reduces these revenue figures. These costs include consulting and attorney fees, attending 340B conferences and training, investing in 340B software, pharmacy dispensing fees, etc. Northland Cares relies on our contract pharmacy to help with tracking this information.

2013    \$4,745

2014    \$237,722

2015    \$263,319

2016    \$344,610

3. The 340B program allows Northland Cares to serve all our patients as well as to provide outreach and HIV prevention education to our entire community. The low rates of insurance reimbursement alone do not provide enough funding to keep our doors open and our medical staff compensated. We rely on 340B to help pay for wrap-around services that are integral to the care our patients require. Northland Cares, and other Ryan White clinics, would not be able to function in the way we do if 340B were to be converted to a patient assistance program targeted primarily to the uninsured. Because HIV is still stigmatized and most physicians in our area do not treat patients with HIV, and because of the complexity of needs that patients have due to their illness, the ability to provide necessary services including and beyond medical is critical to individual and public health.
4. Northland Cares has a full set of policies pertaining to our 340B program. These policies include allowable use of program income, compliance with all OPA, HRSA, Ryan White and 340B requirements and restrictions, and maintaining records and internal controls.
5. Northland Cares has three registered sites, however they are not defined as child sites.



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HIV Specialty  
Care Clinic

6. Northland Cares has a contract with one pharmacy partner that focuses on HIV patients. The OPA website shows that we are also registered with a chain pharmacy; however that agreement was terminated before the contract was completed, so Northland Cares only has one contract pharmacy.
- a. Yes. That is the reason Northland Cares works with this particular contract pharmacy.
  - b. No. Northland Cares has negotiated agreements with the pharmacy like it does with any vendor; we pay them a negotiated market-based rate to compensate them for the specific services they are providing to us.

Northland Cares stands ready to help your committee with its analysis of the 340B program and greatly appreciates the opportunity to give the committee a complete picture of how the 340B program works for those we serve.

Sincerely,

Laurie Silver  
Executive Director