

**Behavioral Health Administration – Mental Health
030 - M2 - MH - HEP C ADJUSTMENT**

Agency Submittal: 11-2017-19-YR Agency Req

Budget Period: 2017-19

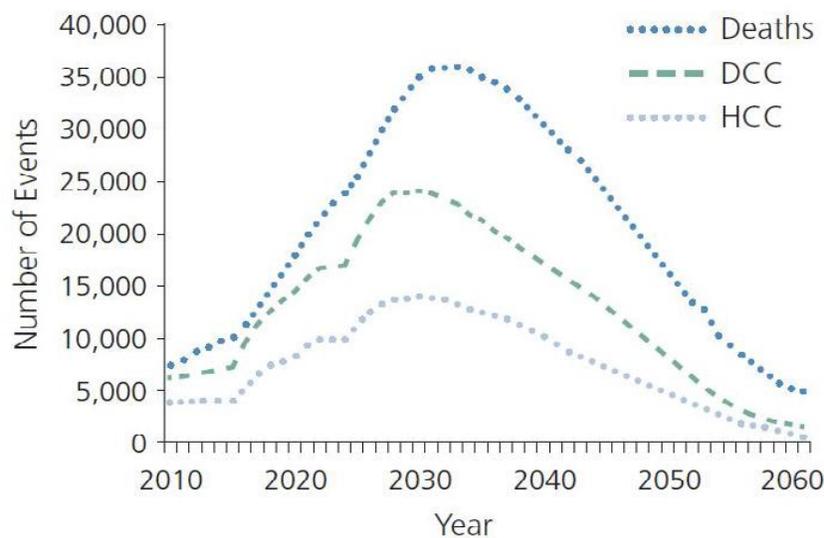
SUMMARY

The Behavioral Health Administration (BHA), Mental Health requests funding to provide medical treatment for BHA patients who have Hepatitis C (Hep C). On May 27, 2016, a federal judge granted a preliminary injunction which requires Washington State to expand its coverage of Medicaid patients with Hep C to include those with more mild stages of the disease. Before the injunction, only individuals with more severe cases were covered. BHA requests \$393,000 Total Funds, (\$306,000 GF-State) to provide this essential medical treatment. By funding this request, the BHA will be able to provide the on-going medical treatment necessary for current and new individuals identified as having Hep C.

PROBLEM STATEMENT

According to the Center for Disease Control (CDC), Hep C is a chronic viral infection of the liver that affects approximately one percent of the U.S. population, or about three million people nationwide. In Washington State, 75,000 to 100,000 people are estimated to be infected with chronic Hep C. If untreated, about 35 percent of patients infected will develop chronic liver disease, cirrhosis, or liver cancer over a time span of 20 to 30 years. The prevalence of Hep C in the general U.S. population is estimated to be 1.0 to 1.3 percent; however, given the past history of BHA patients this population is enriched with risk factors for Hep C. For the prison population, the infection rate is approximately 16 percent. BHA estimates the infection rate in the state hospitals is approximately ten percent. It's not expected that the number of Hep C infections will decline in the near term and the future burden of Hep C will continue to increase with impacts to budgets and resident's health as shown below:

Future burden of Hep C-related morbidity and mortality in the United States



DCC, decompensated cirrhosis

HCC, hepatocellular carcinoma (liver cancer)

Source: Washington State Department of Health report, *Viral Hepatitis C in Washington State*, June 2016



DSHS VISION

People are healthy • People are safe • People are supported • Taxpayer resources are guarded

DSHS MISSION

To transform lives

DSHS VALUES

Honesty and Integrity • Pursuit of Excellence • Open Communication • Diversity and Inclusion • Commitment to Service

030 - M2 - MH - Hep C Adjustment

Liver scarring (i.e. fibrosis) caused by Hep C is categorized along a continuum, from absent (F0) to severe fibrosis (F4, which equates to cirrhosis). The more severe a person's fibrosis, the more likely they are to develop complications, and possibly die of their disease. Hep C is divided into six distinct genotypes throughout the world with multiple subtypes in each genotype class. Genotype 1 is the most common type of Hep C in the U.S. and the most difficult to treat.

Advances in the treatment of Hep C have led to the availability of highly effective and safe medications that are administered orally, for a span of eight to 24 weeks, depending on the genotype and severity of the disease. These medications are cost-effective at a population level as measured by the cost per quality adjusted life year gained. Although the dollar cost of treating a single individual (the Average Wholesale Price for a treatment course is approximately \$85,000 to \$95,000) is high, additional medications to treat Hep C have been approved by the federal Food and Drug Administration (FDA), resulting in price competition in the market place.

In the 2015-17 Biennial Budget, BHA had a funded level for Hep C but this funding was not carried-forward into the 2017-19 Biennium. Western State Hospital (WSH) currently has a funded level of \$504,000 in Year 1 and \$504,000 in Year 2. Eastern State Hospital (ESH) has zero funded level.

WSH has from 50 to 70 potential patients with Hep C. WSH estimates that no more than ten percent of these patients will be eligible for Hep C treatment. Patients are ineligible for treatment if they are not psychiatrically stable, are too medically frail for treatment, have problems with adherence to oral medications, are not interested in treatment, or they won't be in the hospital for the duration of treatment. WSH estimates they will have from five to seven new patients infected with Hep C each fiscal year. ESH has the potential for 27 or more Hep C patients per year. It's projected that the Hep C patients eligible for treatment would be about 33 to 50 percent of those treated at WSH. If this request is funded for seven patients in Fiscal Year 2018 and nine in ensuing years, the BHA will be able to provide the medically necessary treatment and reduce the long-term risks and higher costs of not treating this debilitating disease.

PROPOSED SOLUTION

If this request is funded for five residents in Fiscal Year 2018 and seven to eleven residents in ensuing years, the BHA will be able to provide the medically necessary treatment and reduce the long-term risks and higher costs of not treating this debilitating disease. By providing the medically recognized treatment for these patients, we can expect to see a sustained viral response. The current medication regime is Harvoni and sometimes in combination with Sovidi. Current costs are \$89,538 per resident. This medication is easier for the patient to tolerate and is the recommended treatment. This does not include the additional \$10,000 per resident for the pre-screening treatment.

EXPECTED RESULTS

By funding this request, the BHA will be able to provide the on-going medical treatment necessary for patients identified as being infected with Hep C and are at high risk. Providing this treatment supports patients in fully reaching their potential through the rehabilitation process.

STAKEHOLDER IMPACT

Stakeholders in support of this request will be the BHA patients and their families.

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OTHER CONNECTIONS

Performance Outcomes/Important Connections

1. Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Goal 4: Healthy & Safe Communities - Healthy People - Provide access to good medical care to improve people's lives.

2. The decision package meets the following DSHS' strategic objectives:

4.2: Maintain quality of health care standards in chemical dependency and mental health programs.

3. Identify other important connections or impacts below. (Indicate 'Yes' or 'No'. If 'Yes' identify the connections or impacts related to the proposal.)

a) Regional/County impacts? No

b) Other local government impacts? No

c) Tribal government impacts? No

d) Other state agency impacts? Yes. The Health Care Authority and Department of Corrections are responsible for the health and medical treatment of their respective populations.

e) Responds to specific task force, report, mandate or executive order? Yes. The courts have recently enjoined the Medicaid and Public Employees Benefit Board (PEBB) medical policies that limit provision of Direct Acting Antiviral (DAA) drugs, like Harvoni, based on an individual's liver fibrosis (liver scarring).

f) Does request contain a compensation change or require changes to a Collective Bargaining Agreement? No

g) Facility/workplace needs or impacts? No

h) Capital budget impacts? No

i) Is change required to existing statutes, rules or contracts? No

j) Is the request related to litigation? No

k) Is the request related to Puget Sound recovery? No

l) Other important connections? N/A

4. Please provide a detailed discussion of connections/impacts identified above.

To provide medically necessary treatment to this group of individuals is necessary to ensure that they are able to function at the highest quality of life available to them. Failure to provide this treatment does not meet this standard.

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Alternatives/Consequences/Other

5. What alternatives were explored by the agency, and why was this alternative chosen?

There is no other alternative than providing treatment for this disease. Patients who are detained as sexually violent predators are done so under the civil commitment laws. Their care is entrusted to the state of Washington.

6. How has or can the agency address the issue or need within its current appropriation level?

The request cannot be absorbed within existing resources as the current appropriation is insufficient to fund the significant costs of Hep C treatment for BHA patients. Funds received in prior budgets were not included in carry-forward funding.

7. Does this decision package include funding for any IT-related costs (hardware, software, services, cloud-based services, contracts or IT staff)?

- No**
- Yes (Include an IT Addendum)**

Fiscal Detail**030 - M2 - MH - Hep C Adjustment**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1 General Fund-State	79,000	227,000	19,000	97,000
001-C General Fund-Medicaid	30,000	57,000	2,000	12,000
Total Cost	109,000	284,000	21,000	109,000
Staffing	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
FTEs	0.0	0.0	0.0	0.0

Performance Measure Detail

Activity:	Incremental Changes			
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Program: 030				
C063 Mental Health Facilities Services	0	0	0	0
No measures submitted for package				

Object Detail

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
N Grants, Benefits, and Client Services	109,000	284,000	21,000	109,000
Total Objects	109,000	284,000	21,000	109,000

DSHS Source Detail**Overall Funding**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Fund 001-1, General Fund-State				
Sources Title				
0011 General Fund State	79,000	227,000	19,000	97,000
Total for Fund 001-1	79,000	227,000	19,000	97,000
Fund 001-C, General Fund-Medicaid				
Sources Title				
19TA Title XIX Assistance (FMAP)	30,000	57,000	2,000	12,000
Total for Fund 001-C	30,000	57,000	2,000	12,000
Total Overall Funding	109,000	284,000	21,000	109,000

**2017-19 Biennial Budget
M2-MH-Hep C Adjustment**

WESTERN STATE HOSPITAL				
	FY 2018	FY 2019	FY 2020	FY 2021
# of Estimated Patients*	5	6	6	7
Average Cost Per Patient**	\$87,548	\$87,548	\$87,548	\$87,548
Funding Needed	\$437,742	\$525,290	\$525,290	\$612,839
Rounded	\$438,000	\$525,000	\$525,000	\$613,000

EASTERN STATE HOSPITAL				
	FY 2018	FY 2019	FY 2020	FY 2021
# of Estimated Patients*	2	3	3	4
Average Cost Per Patient*	\$87,548	\$87,548	\$87,548	\$87,548
Funding Needed	\$175,097	\$262,645	\$262,645	\$350,194
Rounded	\$175,000	\$263,000	\$263,000	\$350,000

Carry Forward Funding	<u>\$504,000</u>	<u>\$504,000</u>	<u>\$504,000</u>	<u>\$504,000</u>
Balance Needed	\$ (66,000)	\$ 21,000	\$ 21,000	\$ 109,000
GF-S	\$ (59,000)	\$ 19,000	\$ 19,000	\$ 97,000
GF-F	\$ (7,000)	\$ 2,000	\$ 2,000	\$ 12,000

Carry Forward Funding	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Balance Needed	\$ 175,000	\$ 263,000	\$ 263,000	\$ 350,000
GF-S	\$ 138,000	\$ 208,000	\$ 208,000	\$ 277,000
GF-F	\$ 37,000	\$ 55,000	\$ 55,000	\$ 73,000

	FY 2018	FY 2019	FY 2020	FY 2021
BHA Rollup	\$ 109,000	\$ 284,000	\$ 284,000	\$ 459,000
GF-S	\$ 79,000	\$ 227,000	\$ 227,000	\$ 374,000
GF-F	\$ 30,000	\$ 57,000	\$ 57,000	\$ 85,000

Assumptions:

* Estimate number of patients based on CDC estimation that new infections are increasing slightly.

** \$89,538 Harvoni, and \$79,590 for Sovidi. Assume 80% will use Harvoni. Use depends on the genotype of the Hep C the Patient has. Does not

- Not every patient is tested for Hep C.
- CDC estimates 1% of the population is infected.
- CDC estimates that 16% of the prison population is affected.
- State hospitals are likely in between at 10%.
- WSH estimates that there are between 50 to 70 Hep C positive and ESH estimates 27 or more patients in residence per year.
- Estimates based on 12 weeks of treatment.
- Estimate that 90% will not qualify for treatment due to the following reasons:
 - Psychiatrically unstable
 - Won't be in the hospital for the duration of treatment
 - Not interested
 - Too medically frail for treatment
 - Problems with adherence to oral medications
- Fund splits based on Revenue Adjustment.