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The Council
of
The City of New
York

Hon. Gifford Miller,
Speaker

A Staff Report To:

The Committee on
Oversight
and Investigations

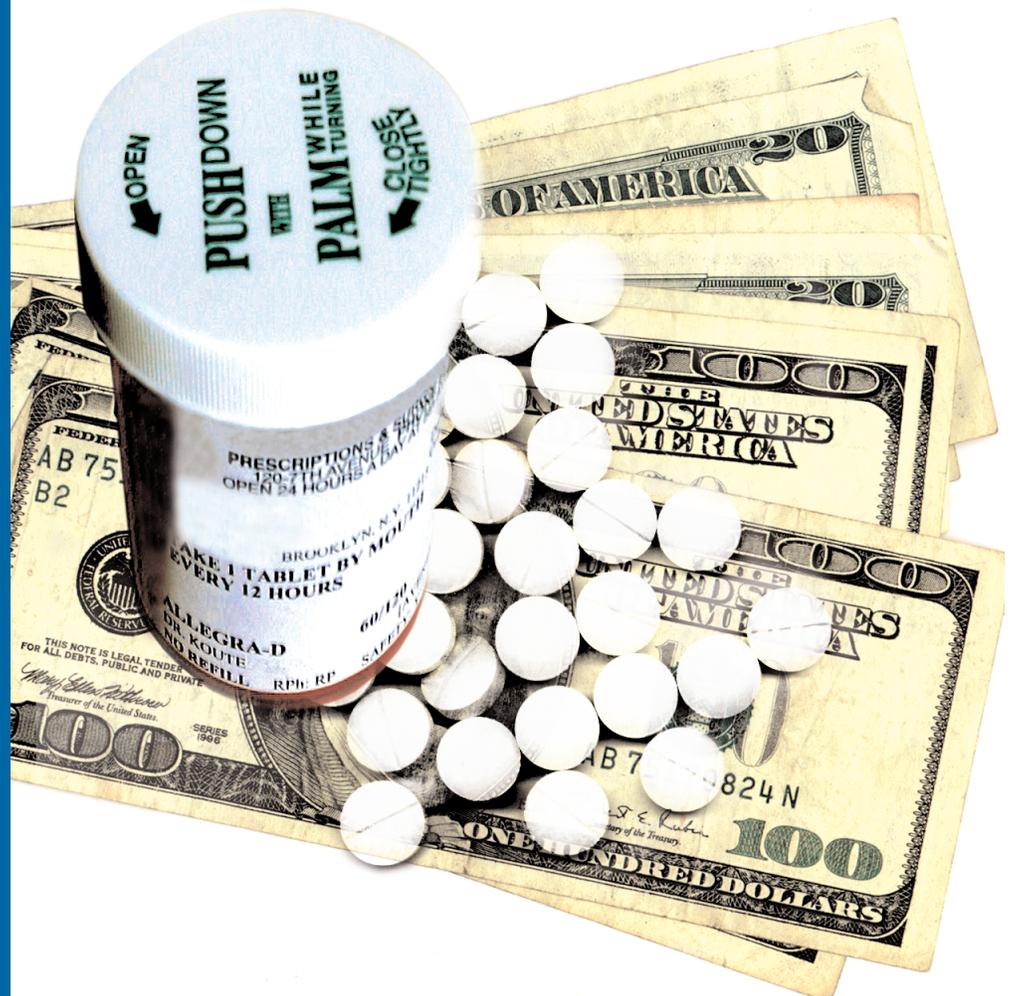
Hon. Eric Gioia,
Chair

and

The Committee on
Health

Hon. Christine Quinn,
Chair

WAIVED AWAY: Lack of Access to HHC Prescription Fee Waivers



**THE COUNCIL OF
THE CITY OF NEW YORK**

HON. GIFFORD MILLER
SPEAKER

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This report can be found at the Council’s website at
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EXECUTIVE SUMMARY

New York City Health and Hospitals Corporation's (HHC) non-compliance with their own Administrative Fee Waiver program has obstructed access to prescription medications for uninsured New Yorkers. HHC's highly praised prescription fee waiver program was intended to assist uninsured patients with their prescription costs. However, a New York City Council Investigation Division (CID) investigation has discovered that most pharmacy employees in HHC facilities do not know the Administrative Fee Waiver program exists, that few referrals are made for this program and that no signage or information exists to inform patients about this program.

A medical diagnosis is virtually worthless if a patient cannot afford the medications prescribed to manage the diagnosed condition. CID found that HHC and its staff do not conduct referrals or outreach to inform patients about this fee waiver program. CID also found that despite it being stated in HHC's "Outpatient Pharmacy Waiver Policy", HHC has not posted signs in its facilities to inform patients about the fee waiver program. According to the policy, the signs should be in the languages most commonly spoken by the patients who use the applicable facility.¹

¹ New York City Health and Hospitals Corporation's Outpatient Pharmacy Fee and Waiver Policy. 16 January 2001.

HHC is a system of hospitals and clinics owned and operated by the City of New York. HHC was established to ensure that all New Yorkers have access to quality medical care, regardless of their ability to pay for those medical services. For years, patients utilizing HHC facilities could fill their prescriptions free of charge. However, as a result of higher costs and decreased funding, some HHC pharmacies began charging a pharmacy administrative fee, similar to a co-payment. In 2000, HHC's central office instituted a controversial uniform policy to charge a \$10 administrative handling fee for each prescription filled. In response to community opposition, HHC developed the "Administrative Fee Waiver for Prescription Medicine" program for those uninsured or underinsured patients who cannot afford the \$10 administrative fee for filling HHC prescriptions.² When the fee waiver program was uniformly instituted, advocacy groups expressed concerns that if patients weren't made aware of the program, those who could not afford the administrative fee would still not be able to get their medications filled.

In Fiscal Year 2001, the City Council responded to the advocacy groups' and patients' concerns and funded an expansion of the fee waiver program to further help HHC alleviate the burden for patients who could not afford the cost of their medication. The Council originally funded the

program at \$1.8 million. The City Council then increased the funding to \$3 million in Fiscal Year 2002. Although both the Giuliani and Bloomberg Administrations have repeatedly attempted to eliminate this funding, the City Council has ensured that funding for this program has remained at \$3 million for Fiscal Year 2003 and Fiscal Year 2004.

CID sent investigators to all 18 HHC pharmacies in New York City to investigate the availability of prescription waivers for low-income patients. Findings of the investigation include:

- Seventeen sites (94%) of HHC pharmacies did not have signage detailing the program. Only East New York Diagnostic and Treatment Center, in Brooklyn, had posted signs stating that patients could receive waivers for the administrative fee. This information was in English only, but the languages predominately spoken in the area are English and Spanish.
- Eleven sites (61%) had pharmacy staff who were not knowledgeable of the prescription waiver program.
- Fifteen sites (83%) did not refer investigators to a financial counselor in the hospital for further information on the prescription fee waivers.
- All of the sites (100%) did not have brochures and/or flyers regarding availability of the fee waiver.

² *Supra.*

The City Council has developed the following recommendations in an effort to ensure that all patients are aware of and have access to the fee waiver program and to ensure that no patient goes without medications because of an inability to pay the administrative fee:

- Pass legislation that requires HHC to both post and distribute information about the Administrative Fee Waiver for Prescription Medicine program. This information should be made available in both English and the languages predominately used in the local neighborhood.
- HHC should require trainings and distribute written materials for pharmacy employees regarding the fee waiver program.
- Call upon HHC to increase public education and outreach in its facilities regarding the fee waiver program by posting information on its website.
- Pass legislation that mandates HHC to provide the New York City Council with a quarterly report detailing information about the usage rate and other factors relating to the Administrative Fee Waiver for Prescription Medicine program.

BACKGROUND

The Health and Hospitals Corporation (HHC) is a public benefit corporation which was created by the New York State Legislature in 1969. HHC is a system of hospitals and clinics owned and operated by the City of New York to ensure medical services to all patients, regardless of their ability to pay for those services.¹ Prescription medications are a critical component of medical care, however, many patients who are uninsured or underinsured cannot afford the cost of filling their prescriptions and therefore often go without important medications.

For years, patients utilizing HHC facilities could fill their prescriptions at their hospital or clinic outpatient pharmacy free of charge. However, this situation changed as HHC experienced a sharp decline in city funding while its share of costs for treating the uninsured grew. During the Giuliani Administration, city funds designated for HHC services were reduced significantly.² At the same time, medical care for the uninsured was increasingly provided by HHC facilities. In 1995, 14.1% of New York City residents received care from HHC facilities and in 1998, the percentage of patients increased to 20.1%.

¹ N.Y. NYC Health and Hospitals Corp. Act §1016 Unconsol. (1969).

² Commission on the Public's Health System in NYC, *Testimony of CPHS City Council Health Committee Oversight Hearing on Prescription Medications: Administration Fee Charged to the Uninsured and Under-Insured at HHC Facilities*, 25 January 2001.

In Fiscal Year 2000, HHC spent \$23 million on pharmacy costs for uninsured patients.³ Given higher costs and decreased funding, some HHC pharmacies began levying a pharmacy administrative fee, similar to a co-payment. This fee was and continues to be charged to patients who do not have drug prescription coverage.⁴ Until 2000, each HHC facility charged a different pharmacy administrative fee. For example, Bellevue Hospital Center charged patients between \$2 and \$10 per prescription, based on a sliding-scale payment structure while Gouverneur Hospital did not charge any processing fee.⁵

In 2000, HHC's central office instituted a uniform administrative pharmacy handling fee policy, which require patients to pay a \$10 administrative handling fee for each prescription filled, with cap of \$40 per visit per month.⁶ Thus if five prescriptions were filled, the patient would only be required to pay \$40. This continues to be HHC's policy to date.

³ Brown, Laray. Senior Vice President of New York City HHC. Testimony Before the Council of the City of New York's Committee on Health. 20 November 2000.

⁴ Brown, Laray. Senior Vice President of New York City HHC. Testimony Before the Council of the City of New York's Committee on Health. *Prescription Medications: Administrative Fees Charged to the Uninsured and Underinsured at HHC Facilities*. 25 January 2001.

⁵ Fernando Ferrer. Bronx Borough President. Testimony Before the Council of the City of New York's Committee on Health. *Prescription Medications: Administrative Fees Charged to the Uninsured and Underinsured at HHC Facilities*. 25 January 2001.

⁶ *Infra* note 2

Under the policy, some patients are exempted from paying the \$10 fee. Those exempted are emergency room patients, as well as those discharged from an inpatient stay at an HHC hospital, covered by Medicaid and Medicaid Managed Care, participating in the AIDS Drug Assistance Program (ADAP), being treated for tuberculosis, those insured under the Prenatal Care Assistance Program (PCAP), and adolescent patients prescribed any form of contraception.⁷

For those patients who could not afford the administrative fee and were not otherwise exempted, HHC instituted the “Administrative Fee Waiver for Prescription Medicine program”.⁸ According to HHC, patients are referred to the facility’s Financial Counseling Department. Financial Counseling staff are supposed to interview the patients and grant fee waivers to eligible applicants based upon completion of appropriate documentation.⁹

Under its uniform fee waiver policy, HHC is required to post signs in all outpatient clinics (except emergency rooms) notifying patients of the availability of the fee waiver and advising them of how they may apply for

⁷ *Infra* note 2.

⁸ New York City Health and Hospitals Corporation’s Outpatient Pharmacy Fee and Waiver Policy. 16 January 2001.

⁹ *Id.*

the waivers.¹⁰ The signs are required to be in the languages most commonly spoken by the patients who use the applicable facility.¹¹

Once the fee waiver program was uniformly instituted, advocacy groups and patients expressed concerns that if patients weren't made aware of the fee waiver program, those who could not afford to pay the administrative fee would simply not get their medications filled. In fact, a 2001 Canadian study, published in the Journal of the American Medical Association, analyzed the impact of a prescription cost-sharing policy in Quebec on elderly and low-income people. The study found that a year and a half after implementing this policy in Canada, the use of essential drugs decreased by 9% in elderly persons and 14% in welfare recipients.¹²

In Fiscal Year 2001, the City Council responded to the advocacy groups' and patients' concerns and funded an expansion of the fee waiver program to further help HHC alleviate the burden for underinsured and uninsured patients who could not afford the fee. The Council originally funded the program at \$1.8 million. Unfortunately, at a Council hearing in the fall of 2000, HHC testified that the \$1.8 million was not being used

¹⁰ *Id.*

¹¹ *Id.*

¹² Tamblyn, Robyn, PhD, *Adverse Events Associated With Prescription Drug Cost-Sharing Among Poor and Elderly Persons*, JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION, Jan. 24, 2001, Vol. 285 No. 4.

to expand the number of waivers issued to patients, but rather to maintain the level of prescription fee waivers that had been granted through HHC's own funding of the program.¹³ The City Council then increased the funding to \$3 million in Fiscal Year 2002. This level of funding continues to this day, and currently allows for up to 300,000 prescription waivers each year.

Since May 2002, the City Council has been requesting information from HHC regarding the implementation, cost, and usage of the fee waiver program. HHC has provided the City Council with data regarding the number of waivers HHC granted during Fiscal Year 2002 and the 1st quarter of Fiscal Year 2003. However, the Council believes this information to be incorrect, because it provided the Council with the number of patients issued waivers, but not the total number waivers issued. Since a patients' fee waivers can range between \$10 and \$40 in any given visit, the number of patients receiving fee waivers is an imprecise measure and low approximation of actual program costs. A more relevant unit of analysis is the actual number of waivers HHC issued. In addition, HHC has not provided the Council with the amount spent on the program.

¹³ Brown, Laray. Senior Vice President of New York City HHC. Testimony Before the Council of the City of New York's Committee on Health. 20 November 2000.

The Council has requested this additional information from HHC, but has not yet received a response. As the major funder of this program, the City Council has an obligation to New York City residents, both as taxpayers and as HHC patients, to ensure that the funding it provides is administered efficiently, effectively and reaches the greatest number of potential recipients. With the proper information, the City Council will then be able to assess whether this program merits additional funding.

METHODOLOGY

CID sent investigators to all 18 HHC pharmacies to investigate the availability of prescription waivers for the underinsured and uninsured. The investigators visited each pharmacy during normal business hours (9:00 a.m. - 5:00p.m.).

Investigators visited six pharmacies in Manhattan, five in the Bronx, five in Brooklyn, and two in Queens. No HHC facility in Staten Island has an outpatient pharmacy.

When visiting the HHC pharmacies, investigators looked for the following: 1) the presence of posted signs notifying the public that stated fee waivers were available; 2) the availability of brochures or flyers regarding fee waivers in the pharmacy area; 3) the ability of the pharmacy staff to provide prescription fee waiver information; 4) whether pharmacy staff referred the patient to a financial counselor, as required by HHC's uniform fee waiver policy.

FINDINGS

The following results were obtained during CID's investigation:

- CID found that out of a total of 18 sites visited, seven (94%) HHC pharmacies did not have signage detailing the program. Only East New York Diagnostic and Treatment Center, in Brooklyn, had signs posted stating that patients could receive fee waivers. However, this sign was in English only, even though English and Spanish are predominately spoken in the area.
- Out of the 18 sites, eleven (61%) had pharmacy staff who were not knowledgeable of the fee waiver program.
- Out of the 18 sites, fifteen (83%) did not referred investigators to a financial counselor in the hospital for further information on the prescription fee waivers.
- All of the sites (100%) did not have brochures or flyers available describing the fee waivers available.

CONCLUSION

- **Despite its stated policy, HHC has not posted information in HHC facilities about the Administrative Fee Waiver for Prescription Medicine program.**

Although HHC's uniform policy for administrative fees states that signs should be posted, seven sites (94%) had posted information about the waiver. All of the sites (100%) did not distribute information regarding the waiver. It is critical that all patients be informed of the fee waiver program.

- **HHC pharmacy staff are not adequately informed of the Administrative Fee Waiver program.**

Sixty-one percent (61%) of the pharmacy staff were not aware of the fee waiver program. Eight-three percent (83%) of the pharmacy staff referred investigators to an HHC financial counselor. If pharmacists are not recommending the waiver program, some patients may be leaving the hospital without medication because of their inability to pay for it.

RECOMMENDATIONS

- **Pass legislation that requires HHC to both post and distribute information about the Administrative Fee Waiver for Prescription Medicine program. This information should be made available both in English and the languages predominately used in the facility's neighborhood.**

Patients treated at HHC facilities are predominately lower-income, uninsured or underinsured New Yorkers. HHC pharmacies should post information in pharmacy waiting areas indicating the availability of fee waivers for low-income patients who cannot pay the \$10 fee and such information should be posted in several languages, depending upon the languages predominantly spoken in the area. Even though it is currently in HHC's policy to require such signs to be posted, HHC facilities have failed to do so. Mandating such information to be posted would likely increase compliance.

- **HHC should require training including distribution of written materials so that such employees are adequately informed of the fee waiver program.**

Every pharmacy employee should be knowledgeable about prescription waivers, as well as the procedure involved in obtaining the waivers. HHC

should conduct a training on the waivers for pharmacy employees, with written instructions about the procedure.

- **Call upon HHC to increase education and outreach in its facilities regarding the Administrative Fee Waiver for Prescription Medication program by posting information on its Internet website.**

HHC does not post information about the waivers on its website. To ensure that the waiver program is being utilized, HHC should post information about the waiver on its website. HHC should also attempt to inform health care advocates who might refer clients to HHC facilities about the program.

- **Pass legislation that mandates HHC to provide the New York City Council with a quarterly report detailing a variety of data about the Administrative Fee Waiver for Prescription Medicine program.**

The New York City Council allocates \$3M in funding to HHC for the Administrative Fee Waiver for Prescription Medicine. It is appropriate for HHC to present a quarterly report to the New York City Council, including the numbers of waivers issued to participants through the Council's funding. This report should give a breakdown of the numbers

waivers issued and denied at each HHC facility, as well as the reasons waivers were denied.

APPENDIX A:
List of HHC Hospitals

0=No, 1=Yes					
<u>Hospital</u>	<u>Borough</u>	<u>Posted Info</u>	<u>Distrib Info</u>	<u>Pharmacist Knowledge</u>	<u>Financial Counselor Referral</u>
Bellevue Hospital Center	Manhattan	0	0	1	0
Coler-Goldwater Specialty Hospital	Manhattan	0	0	0	0
Harlem Hospital Center	Manhattan	0	0	0	0
Gouverneur Healthcare Ser.	Manhattan	0	0	1	1
Metropolitan Hospital Center	Manhattan	0	0	0	0
Renaissance Healthcare Network	Manhattan	0	0	0	0
Jacobi Medical Center	Bronx	0	0	0	0
Lincoln Hospital	Bronx	0	0	0	0
Segundo Ruiz Belvis	Bronx	0	0	0	0
Morrisania Diagnostic & Treatment	Bronx	0	0	0	0
North Central Bronx	Bronx	0	0	0	0
Woodhull Medical Center	Brooklyn	0	0	1	1
Coney Island Hospital	Brooklyn	0	0	0	0
Cumberland Diagnostic & Treat. Ctr.	Brooklyn	0	0	1	0
East New York Diagnostic	Brooklyn	1	0	1	1
Kings County Hospital Center	Brooklyn	0	0	1	0
Queens Hospital Center	Queens	0	0	0	0
Elmhurst Hospital Center	Queens	0	0	1	0
TOTALS	Total Sites=18	1	0	7	3
Percentages	100%	6%	0%	39%	17%
Dr. Susan Smith McKinney= No Pharmacy (Nursing Home)					
Sea View Hospital= No Pharmacy (Nursing Home)					