

COUNTY OF LOS ANGELES DEPARTMENT OF MENTAL HEALTH  
OFFICE OF THE MEDICAL DIRECTOR  
Indigent Medications Program

### **Introduction**

The Department of Mental Health of Los Angeles County provides comprehensive services to more than 100,000 individuals who are disabled by mental illnesses. A full array of mental health services, including psychiatric medication, is available to people served by the DMH. While psychiatric medications are a necessary and integral component of comprehensive mental health services, such medications are costly. The estimated cost of providing psychiatric medications to DMH clients is \$100,000,000 per year. Of this amount, \$40,000,000, or 40%, must be taken from the County General Fund to pay for medications of indigent clients.

Indigent clients are those individuals who do not have health coverage to cover the cost of their medication. These clients may be unemployed because of their mental illness, or may be employed yet earning an income that is below the level needed to pay the high cost of their medications. The DMH is committed to providing mental health services to individuals whose mental illness impairs their ability to function in the community, regardless of their ability to pay. Because of reductions in the funding of mental health services over the years, it has become critically important to find ways of providing needed services more efficiently and productively. Reducing overall expenditures has become a priority; reducing the expenditures on indigent clients' medications has become a necessity.

The problem of reducing high indigent medication expenditures has been assigned to the Medical Director of the DMH. The Office of the Medical Director is responsible for psychiatrist services as well as pharmacy services. Patient Assistance Programs are psychiatrist-driven; psychiatrists are required to identify clients eligible for PAPs and to initiate PAP applications. Reducing some of the DMH expenditures on medications for indigent clients is needed in order to utilize those expenditures for other critically needed mental health services. The IMP was conceptualized as a means of reducing these expenditures.

### **Description**

#### **Objectives**

As a result of the implementation of the IMP, (1) each DMH clinic shall achieve a target of expenditure reductions for medications for indigent clients served, (2) Patient Assistance Programs available through the pharmaceutical industry shall be utilized throughout the

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Department of Mental Health, and (3) aggressive benefits establishment services shall be provided to clients who are participating in the IMP.

The Process

Through the DMH Indigent Medications Program, pharmaceutical companies provide medications at no cost to clients who are unable to pay for their medications. To begin the process, the client applies for the appropriate Patient Assistance Program with the help of DMH staff who are familiar with the eligibility criteria for each pharmaceutical company. The DMH psychiatrist then writes the prescription onto the client's PAP application, and DMH staff send the application to the appropriate pharmaceutical company by Fax. An identifier ("Y") is entered into the IS and the prescription is entered into the DMH Prescription Authorization and Tracking System (PATS.) The client fills the prescription at a contract pharmacy. There is no delay or alteration in the way the client has always filled his DMH prescription.

Upon determining the client's eligibility, the pharmaceutical company sends the prescribed medication to the DMH Pharmacy Services Office. The DMH Pharmacy is a facility that is licensed by the State of California; it is under the direction of a Registered Pharmacist. Medications are logged in by DMH Pharmacy Services staff and are then sent to the dispensing contract pharmacy to replace the medications given to the client.

Medications included in the IMP were selected for the high volume prescribed and the high cost. Prescribing patterns and costs were analyzed and four medications were determined to meet the high-cost, high-volume criteria. It is anticipated that all psychiatric medications will be included in the IMP when clinics have become proficient in applying for these initially selected medications. The table below shows the current medications included in the IMP.

| <b>MEDICATION</b> | <b>GENERIC</b> | <b>PHARMACEUTICAL COMPANY</b> |
|-------------------|----------------|-------------------------------|
| Zyprexa           | Olanzapine     | Eli Lilly                     |
| Risperdal         | Risperidone    | Janssen                       |
| Geodon            | Ziprasidone    | Pfizer                        |
| Abilify           | Aripiprazole   | Bristol Meyers Squibb         |

Clients who are eligible for Patient Assistance Programs are identified in two ways. First, clients are financially screened upon intake at each DMH clinic. Indigent clients are identified

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by a financial screener and a letter is placed in the chart informing the psychiatrist of the client's eligibility for a Patient Assistance Program. Second, existing indigent clients are identified through a monthly report of indigent medications prescribed (HMHPR 934.) Again, a letter informing the psychiatrist of the client's eligibility is placed in the client's chart.

If the psychiatrist determines that a client needs medication, a PATS prescription is written. If the prescribed medication is part of the IMP, clinic staff enter an indicator into the IS identifying the prescription, and all future prescriptions of included medications, as a PAP prescription. The prescription is then entered into the PATS, and the indicator appears on the client's information screen that is accessible to the contract pharmacy that the client uses to fill prescriptions.

Clientele

Clients who are identified by DMH staff as eligible for PAPs are those individuals who are unable to pay for their medications, usually because they do not have Medi-Cal or other insurance with prescription coverage. In addition, clients who are not eligible for SSI and/or Medi-Cal benefits due to their residency or income status are also eligible for certain PAPs.

**Outcomes**

The table below shows the growth of savings during the first year of the IMP.

| <b>MONTH (2004)</b> | <b>RX COSTS PAID BY DMH</b> | <b>IMP COST REDUCTIONS</b> |
|---------------------|-----------------------------|----------------------------|
| <b>JANUARY</b>      | \$2,204,236                 | \$43,404                   |
| <b>FEBRUARY</b>     | \$2,018,079                 | \$40,404                   |
| <b>MARCH</b>        | \$3,812,273                 | \$49,613                   |
| <b>APRIL</b>        | \$2,051,104                 | \$20,624                   |
| <b>MAY</b>          | \$1,953,545                 | \$30,515                   |
| <b>JUNE</b>         | \$2,158,685                 | \$32,589                   |
| <b>JULY</b>         | \$1,758,961                 | \$35,551                   |
| <b>AUGUST</b>       | \$1,721,671                 |                            |