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2 February 1994

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Dear Gervaise,

#### **Reimbursement of Factor VIII costs for HIV Positive Haemophiliacs**

Following your correspondence with Jane Carrier and our discussion at the meeting last Friday, I thought it would be useful if I set out on paper how best to deal with the excess costs of high purity Factor VIII for people treated at Regional Haemophilia Centres whose report of HIV/AIDS diagnosis may be from elsewhere.

First of all I should set out the changes which have taken place in the formula for allocation of the treatment and care funding. A contribution towards the excess costs of high purity Factor VIII has been built in to the treatment and care element of the HIV budget for 1994/95, and distributed in the same way as the rest of the treatment allocation. As you know we have simplified the formula for distribution of funds, by using the numbers of people reported with an AIDS diagnosis to CDSC for each Region, and by using the new projection of the numbers of people with "severe HIV disease" as defined in the 1993 Predictions Report. (We assumed the same distribution as for AIDS case reports as the figure quoted was a national one).

In most Regions the cross boundary flows of people being treated for HIV disease either even themselves out, or the unit costs are not so great that funding becomes an issue. This is not the case in the Thames Regions (particularly in inner London) and the costs attached to the treatment of a person with HIV and haemophilia can be very large indeed. It does therefore seem sensible for those Regions or Districts with a haemophilia treatment centre which is likely to attract high numbers of outside clients to put in place a system whereby the costs can be spread. It will be necessary, as a first step to identify where possible whether people being treated currently had their diagnosis of AIDS reported from the same Region as that of the treatment centre. Where this can be demonstrated not to be the case, then it would be appropriate to bill the Region reporting

the diagnosis ( the principle of the money following the patient). If possible, it would be preferable to enter negotiations in particular with other Thames Regions without a haemophilia treatment centre, so that a regulated system of cross charging can be set up without too much bureaucracy.

I hope that this issue can be sorted out without protracted difficulties. We are not planning any further changes to the allocation formula in the near future, and it is unlikely that the arrangements you put in place following the 1994/95 allocation will need to be reviewed in the foreseeable future. It will be necessary, however to monitor the system of cross boundary charging for factor VIII both against reports from CDSC and to check that any payments reflect only the excess costs of high purity product over those of the intermediate product and that all those so charged for are people with haemophilia and HIV.

I hope that this letter clarifies the situation which I acknowledge has become complicated in the past. Do get in touch again if there is anything further I can do to help.

With Best Wishes

GRO-C

LINDA JOHNSON- LAIRD