



**Territory of Guam**  
**Department of Public Health and Social Services**  
**Bureau of Health Care Financing Administration**

**Alternative Drug Coverage Program Demonstration Project**  
**DY 1 Monitoring Report, Version 1.0**  
**April 7, 2023 to March 31, 2024**

January 3, 2025

Prepared By: Guam Medicaid State Agency

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## VERSION HISTORY

Version	Date Submitted by Territory	Date approved by CMS	Changes from Previous Version
1.0	1/3/2025		Submission of Year 1 Monitoring Report

## SECTION 1: EXECUTIVE SUMMARY

The Guam Alternative Drug Coverage Program Demonstration will enable the territory to provide prescribed drug coverage without adhering to the requirements of sections 1902(a)(54) and 1927 of the Social Security Act (the Act), which would otherwise apply if the coverage were provided under the State plan option specified in those provisions. This approach allows Guam to maintain its current prescribed drug delivery system. Guam is pursuing this demonstration because it believes its participation in MDRP would place additional financial pressure on the territory.

CMS approved Guam’s demonstration project titled “Guam Alternative Drug Coverage Program Demonstration (Project Number 11-W-00427/9) on April 7, 2023. The Special Terms and Conditions (STCs) require that DPHSS provide Annual Monitoring Reports each Demonstration Year (DY). This current Annual Monitoring Report is for DY 1 and covers the period from April 7, 2023 to March 31, 2024.

During DY 1, DPHSS:

- Submitted its draft Evaluation Design to CMS.
- Began its engagement with the University of Guam to serve as the Independent Evaluator for the Guam Alternative Drug Coverage Program Demonstration.
- Worked to address comments of CMS on the draft Evaluation Design.

Shortly after DY 1, DPHSS submitted its revised Evaluation Design to CMS.

DPHSS has tracked performance metrics as outlined in the Special Terms and Conditions (STCs). In Demonstration Year 1 (DY 1), there were 19,429 deduplicated (unique) Medicaid beneficiaries served, 26 participating pharmacy providers, and 145,489 pharmacy prescriptions filled.

There were no expenditures for the Alternative Drug Coverage Program Demonstration Project during DY 1, and DPHSS had not yet received approval for its Evaluation Design.

### Expenditure Summary, DY 1

Period	50% Federal Share	50% State Share	100% Share	FFP Subtotal	State Subtotal	Grand Total
DY 1	\$0	\$0	\$0	\$0	\$0	\$0

There were no evaluation activities for the Alternative Drug Coverage Program Demonstration Project during DY 1, as DPHSS had not yet received approval for its Evaluation Design.

## SECTION 2: OPERATIONAL UPDATES

### Project Summary

The Guam Alternative Drug Coverage Program Demonstration will enable the territory to provide prescribed drug coverage without adhering to the requirements of sections 1902(a)(54) and 1927 of the Social Security Act (the Act), which would otherwise apply if the coverage were provided under the State plan option specified in those provisions. This approach allows Guam to maintain its current prescribed drug delivery system.

Guam is pursuing this demonstration because it believes its participation in MDRP would place additional financial pressure on the territory. Sections 1902(a)(54) and 1927 of the Act require states to ensure coverage and payment for all covered outpatient drugs (CODs) from manufacturers with Medicaid drug rebate agreements in effect, while also complying with additional reporting requirements to collect applicable rebates. Guam, however, will not seek rebates.

Pharmacy providers in Guam already face challenges due to the island's remoteness, including limited inventory availability and relatively low purchasing volumes, which hinder the ability to negotiate favorable shipping terms. Increasing drug purchasing volumes would further strain Guam's limited budget. Additionally, implementing an MDRP system would create a significant administrative burden for the territory. This demonstration is necessary to ensure Guam can sustain an adequate number of pharmacy providers to meet the needs of program participants.

During the demonstration period, Guam aims to achieve several objectives, including, but not limited to:

- Maintaining the existing network capacity of on-island pharmacy providers to ensure adequate access to pharmacy services for program beneficiaries.
- Allowing sufficient time to assess the potential benefits and adverse effects of providing prescribed drug coverage consistent with sections 1902(a)(54) and 1927 of the Act on Guam's pharmacy providers and program beneficiaries.

### Updates

CMS approved Guam's demonstration project titled "Guam Alternative Drug Coverage Program Demonstration (Project Number 11-W-00427/9) on April 7, 2023.

Following approval of the DPHSS began the process of engaging with the University of Guam to seek its collaboration as an Independent Evaluator of the Guam Alternative Drug Coverage Program Demonstration in May 2023. The Project Lead with DPHSS transferred to position outside of the Bureau of Health Care Financing Administration and, thus, ceased work on the project. As a new lead was being brought onboard, DPHSS sought to advance the project, but the submission of the draft Evaluation Design for the project was delayed. DPHSS submitted the draft Evaluation Design for the Guam Alternative Drug Coverage Program Demonstration on December 1, 2023.

The new Project Lead was hired December 4, 2023. DPHSS had a meeting with Dr. Roseann Jones, Dean of the School of Business and Public Administration, to arrange for faculty and interns from the University of Guam to undertake the Independent Evaluation. A further meeting was

CMS provided comments on the Evaluation Design in March 4, 2024. DPHSS submitted its revised Evaluation Design on July 1, 2024. CMS provided further comment on November 27, 2024.

DPHSS will address the comment and, once the Evaluation Design is approved, reengage with the University of Guam to finalize an agreement with the University of Guam to conduct the demonstration evaluation in an independent manner in accord with the CMS-approved Evaluation Design.

## SECTION 3: PERFORMANCE METRICS

DPHSS has tracked the number of enrolled Medicaid beneficiaries, pharmaceutical providers, and pharmacy prescriptions filled during DY 1. These performance metrics are summarized below.

Performance Metric	Amount
Deduplicated (unique) number of Medicaid beneficiaries served	19,429
Number of participating pharmacy providers	26
Number of pharmacy prescriptions filled	145,489

## SECTION 4: QUARTERLY AND ANNUAL EXPENDITURES

There were no expenditures for the Alternative Drug Coverage Program Demonstration Project during DY 1 (April 7, 2023, to March 31, 2024), as DPHSS had not yet received approval for its Evaluation Design. In addition to the two tables below, which present the Expenditure Summary and Guam State Expenditures by Spending Category, Attachments 1 through 4 in Appendix A include the CMS-64 Certified Expenditure Reports for Quarters 3 and 4 of FFY 2023 and Quarters 1 and 2 of FFY 2024, covering Demonstration Year 1.

**Expenditure Summary, DY 1**

Period	50% Federal Share	50% State Share	100% Share	FFP Subtotal	State Subtotal	Grand Total
DY 1	\$0	\$0	\$0	\$0	\$0	\$0

**Guam State Expenditures by Spending Category, DY 1**

State Cost Category	50% Federal Share	50% State Share	100% State Share	Total
State Personnel	\$0	\$0	\$0	\$0
Contract Services	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0
Training	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$0
<b>Grand Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **SECTION 5: EVALUATION ACTIVITIES AND INTERIM FINDINGS**

There were no evaluation activities for the Alternative Drug Coverage Program Demonstration Project during DY 1, as DPHSS had not yet received approval for its Evaluation Design.

## **APPENDIX A: ATTACHMENT(s)**

### **Attachment No. 1**

CMS-64 Certified Expenditure Report, Federal Fiscal Year 2023 Quarter 3  
(April 1, 2023 to June 30, 2023)

### **Attachment No. 2**

CMS-64 Certified Expenditure Report, Federal Fiscal Year 2023 Quarter 4  
(July 1, 2023 to September 30, 2023)

### **Attachment No. 3**

CMS-64 Certified Expenditure Report, Federal Fiscal Year 2024 Quarter 1  
(October 1, 2023 to December 31, 2023)

### **Attachment No. 4**

CMS-64 Certified Expenditure Report, Federal Fiscal Year 2023 Quarter 2  
(January 1, 2024 to March 31, 2024)