

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 07/14)

ID-01

Local Year 2015-16	Business Unit 4265	Department Department of Public Health	Priority No.
Budget Request Name 4265-012-BCP-DP-2015-GB		Program 4045023 (Infectious Diseases)	Subprogram

Budget Request Description  
 AIDS Drug Assistance Program Client Eligibility Verification Resources

Budget Request Summary

The California Department of Public Health is requesting \$536,000 from the AIDS Drug Assistance Program Rebate Fund and 5.0 positions to manage the increase in client eligibility verification workload within the AIDS Drug Assistance Program. These positions are needed to ensure program integrity to avoid fraud and abuse, and to comply with federal Health Resources and Services Administration client eligibility verification requirements.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR  SPR Project No. Date:

If proposal affects another department, does other department concur with proposal?  Yes  No  
 Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>Chew Johnson</i>	Date 1/7/15	Reviewed By <i>[Signature]</i>	Date 1/7/15
Department Director <i>[Signature]</i>	Date 1/7/15	Agency Secretary <i>James Don-Blanco</i>	Date 1/7/2015

**Department of Finance Use Only**

Additional Review:  Capital Outlay  ITCU  FSCU  OSAE  CALSTARS  Technology Agency

BCP Type:  Policy  Workload Budget per Government Code 13308.05

PPBA	Date submitted to the Legislature
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## Analysis of Problem

### A. Budget Request Summary

The California Department of Public Health (CDPH), Office of AIDS, is requesting \$536,000 in expenditure authority from the AIDS Drug Assistance Program Rebate Fund (Fund 3080) and 5.0 positions to manage the increase in client eligibility verification workload within the AIDS Drug Assistance Program (ADAP). These positions are needed to ensure program integrity to avoid fraud and abuse, and to comply with federal Health Resources and Services Administration (HRSA) client eligibility verification requirements.

### B. Background/History

ADAP provides access to life saving medications for eligible California residents living with HIV/AIDS. ADAP pays for drugs on the ADAP formulary (either the full cost of the medications or co-pays and deductibles). Historically, the majority of clients ADAP served were ADAP-only clients without insurance because people living with HIV/AIDS were unable to purchase affordable health insurance in the private marketplace.

In fiscal year (FY) 2013-14, ADAP had 36,047 clients enrolled. Statewide, local enrollment sites employ ADAP enrollment workers who are trained on proper client enrollment policies and procedures. Enrollment workers maintain secure paper-based client files at their respective local ADAP enrollment sites and enroll eligible clients electronically via ADAP's Pharmacy Benefits Manager, which provides centralized Pharmacy Benefits Manager services to ensure qualified ADAP clients receive direct prescription medication services from approximately 4,000 pharmacies in the California ADAP network.

ADAP state staff conduct periodic site visits to monitor ADAP's 175 local enrollment sites and review a small sample of client file documents to verify local enrollment workers are making proper client eligibility determinations. In addition, ADAP staff also provide technical assistance to local health jurisdictions and perform other tasks to administer the program and ensure eligible clients have access to their medications.

In November 2013, HRSA conducted a comprehensive site visit of CDPH HRSA-funded Ryan White Part B Care Programs. HRSA reported the following findings:

1. "ADAP eligibility determination and ultimate approval rests solely on individual enrollment workers at local sites throughout the state. Documentation is not reviewed by another individual (local or state), leading to the potential for fraud and abuse of the system."
2. HRSA recommended that the Office of AIDS develop a centralized electronic system with uploading capability that will allow a secondary review of all ADAP client applications within CDPH.

To address these issues, CDPH amended the ADAP Pharmacy Benefits Manager contract to grant both CDPH ADAP staff and ADAP local site enrollment workers the ability to add, store, view, and delete scanned ADAP client eligibility documents. This change meets the HRSA recommendation for a centralized electronic system, and once implemented, will reduce the amount of time it takes for CDPH to ensure that client supporting documentation is consistent with eligibility criteria and will address the risk of potential program fraud or abuse.

Additionally, as required by statute (Government Code Sections 8543-8545.5), the California State Auditor annually reviews the State of California's internal controls and compliance with federal laws and regulations. ADAP is audited each year for compliance with HRSA National Monitoring Standards and federal laws. A recent audit reported that "Public Health needs to strengthen its internal controls over the eligibility process and enhance training for local enrollment workers to ensure payments are only made to eligible recipients and that all required documentation to verify eligibility is maintained in the

## Analysis of Problem

recipient's file." By federal statute, HRSA funds may not be used for any item or service "for which payment has been made or can reasonably be expected to be made" by another payment source (Sections 2605(a)(6), 2617(b)(7)(F), 2664(f)(1) and 2671(i) of the federal Public Health Service Act). The statute requires grantees to verify client eligibility, and a HRSA policy notice released in FY 2013-14 clarified that client re-certifications must:

1. At least once a year, verify that individual residency, income, and insurance status continues to meet the eligibility requirements, and verify that HRSA is the payer of last resort; and
2. A second process at least once a year must include the collection of more in-depth supporting documentation similar to that collected at the initial eligibility determination.

Prior to the Pharmacy Benefits Manager's full implementation of the centralized electronic system in July 2015, ADAP staff will continue to monitor and verify ADAP eligibility by conducting site visits of local ADAP enrollment sites statewide. For ADAP enrollment sites with up to 1,000 clients, ADAP staff pulls a random sample of approximately 10 percent of client files, with a minimum of 10 and a maximum of 30 active client files. For sites with over 1,000 clients, staff review 50 randomly selected files. Verifying eligibility is currently a paper based and labor intensive process, as staff are required to verify proof of California residency (i.e., rental agreement or utility bill under the client's name), picture identification (California driver's license, California Identification card, passport, school identification, etc.), proof of income (copies of the client's most recent federal or state income tax returns), proof of Medi-Cal application and/or documentation of any current health insurance, letter of HIV diagnosis from the client's physician/prescriber, and laboratory test results (CD4 and viral load counts), which must be dated within one year of the application or re-enrollment date. With current staffing and the necessity to travel to ADAP enrollment sites scattered throughout the state, ADAP staff are currently able to review only a small portion of the eligibility files.

The current staffing levels in ADAP are inadequate to review all projected 34,795 client files for FY 2015-16, resulting in ADAP continuing to be noncompliant with HRSA policies. Streamlining and making the verification process more efficient for review electronically at the state level does not solve the need for additional ADAP staff because ADAP staff are required to verify eligibility of all clients upon initial enrollment and upon annual recertification based on their month of birth. Under the new electronic system, in FY 2015-16 the Office of AIDS estimates it will take staff an average of 30 minutes per file to review ADAP client eligibility. For FY 2015-16, the Office of AIDS plans to reassign ADAP Branch staff (11 full-time equivalent) to perform this task; these staff are capable of reviewing 24,403 ADAP client files to verify eligibility. Additional staff could review another 10,392 client files; this would allow the Office of AIDS to become compliant with HRSA for 34,795 ADAP client files in FY 2015-16. Failure to comply with HRSA's site visit finding could result in future audit findings and potentially result in the loss of HRSA federal funds (\$167.2 million in FY 2014-15). A loss of HRSA federal funds would result in negative service impacts to clients.

### C. State Level Considerations

In support of the CDPH's mission, performing ongoing core public health activities directly fulfills the Department's Strategic Map, including:

- Strategic Map Goal A, (Achieving targeted improvements in health outcomes); and
- Strategic Map Goal C2 (Enhance state and local public health services).

This proposal will allow CDPH to adequately address the serious health needs of a vulnerable population of HIV-infected individuals throughout California, whose numbers continue to climb. HIV/AIDS drug therapies have helped HIV-infected people live longer, healthier lives. Fewer individuals now progress to an AIDS diagnosis, thus ADAP has helped avoid the likely higher public health cost of treating patients with advanced HIV disease.

## Analysis of Problem

### D. Justification

Health and Safety Code Section 120950(b) states the State of California has a compelling interest to ensure its citizens infected with HIV have access to drugs used to treat HIV and HIV-related conditions. CDPH was given authority under Health and Safety Code 120950(c) to subsidize the cost of these drugs for persons who do not have private health coverage, are not eligible for Medi-Cal, or cannot afford to purchase these drugs privately.

CDPH is currently working with the ADAP Pharmacy Benefits Manager to establish electronic systems for creating electronic client files. However, in spite of streamlined electronic systems and the redirection of other existing staff, ADAP does not currently have adequate staffing to complete client eligibility verification workload; an additional 5.0 positions are needed. These 5.0 additional positions are needed to ensure ADAP can comply with federal HRSA eligibility verification requirements and avoid a potential loss of federal HRSA funds. HRSA federal funds account for 85 percent of the Office of AIDS federal fund budget and 34 percent of the Office of AIDS' total budget in FY 2014-15. Though the Pharmacy Benefits Manager system modifications allowing ADAP staff the ability to verify client eligibility determinations in-house will significantly decrease ADAP staff travel time and travel costs to ADAP enrollment sites, additional staff are needed for the Office of AIDS to ensure compliance with HRSA's requirements.

This proposal supports CDPH's mission and responsibility to protect and improve the health of California residents who are infected with HIV. ADAP's primary objective is to provide access to medications on the ADAP formulary to prolong life and prevent the deterioration of health in individuals living with HIV/AIDS.

Establishing the capacity to verify eligibility for all ADAP clients at the state level will be more efficient than paying local health jurisdictions to manage this additional workload because Office of AIDS staff would still need to monitor the accuracy of eligibility determinations made at the local level. Additional state staff will help ensure the integrity of the program by preventing and detecting potential fraud and abuse of the system.

### E. Outcomes and Accountability

#### Projected Outcomes

Workload Measure	FY 2013-14	FY 2014-15*	FY 2015-16*
ADAP Client Enrollment	36,047	33,791	34,795
ADAP Site Visits	75	75	0
ADAP Client Files Reviewed for Eligibility (upon enrollment; then annually)	1,207	1,207	34,795
ADAP Client Files Followed Up On (Missing/Incomplete Eligibility Documentation estimated 10%)	0	0	3,480
Technical assistance (hours) for each ADAP client follow-up	N/A	N/A	1.5

\*Based on projections.

With the proposed increase in the AIDS Drug Assistance Program Rebate Fund expenditure authority and 5.0 positions, CDPH will have the necessary resources to manage the increasing workload to:

1. Comply with HRSA's 2014 site visit report requirement to verify the eligibility of all clients; and

## Analysis of Problem

2. Follow-up on the approximately 10 percent of client files the most recent Bureau of State Audits Single Audit identified as lacking adequate ADAP eligibility documentation.

This proposal will reduce the risk of potential fraud and abuse of the system by verifying eligibility, while allowing CDPH programs to support the serious health needs of a vulnerable population of HIV-infected individuals in California. As these individuals gain access to HIV-related medications, they are better able to lead longer, more productive lives, and their improved health and reduced viral load helps stem the spread of this disease. These individuals are also then less likely to progress to an AIDS diagnosis and disability, thereby avoiding the higher costs of treating someone with advanced HIV disease.

### F. Analysis of All Feasible Alternatives

**Alternative 1:** Increase expenditure authority by \$536,000 from the AIDS Drug Assistance Program Rebate Fund and 5.0 positions to address the increase in client eligibility verification workload within ADAP.

**Pros:**

- Will allow the department to become compliant with recent HRSA audit findings.
- Will help ensure the department receives the maximum amount of HRSA funding to support Office of AIDS programs.
- Would not impact the state General Fund.

**Cons:**

- Requires an increase to ADAP's Rebate Fund budget authority.
- Results in an increase in the size of state government.

**Alternative 2:** Increase expenditure authority by \$421,000 from the AIDS Drug Assistance Program Rebate Fund and establish 4.0 permanent positions to address the increase in client eligibility verification workload within ADAP.

**Pros:**

- Will allow the department to become partially compliant with recent HRSA audit findings.
- Will ensure the department continues to receive some, but perhaps not the maximum amount, of HRSA funds to continue supporting Office of AIDS programs.
- Would not impact the state General Fund.

**Cons:**

- Does not allow the department to become fully compliant with recent HRSA audit findings.
- Requires an increase to ADAP's Rebate Fund budget authority.
- Results in an increase in the size of state government.

**Alternative 3:** Status quo.

**Pros:**

- Does not increase the size of state government.

**Cons:**

- Would risk further HRSA findings and potential decreases in federal funding.
- Important HRSA supported programming could be reduced, resulting in a negative impact to HIV/AIDS clients.

**G. Implementation Plan**

CDPH requests the 5.0 permanent positions be established July 1, 2015. CDPH will ensure duty statements for the positions are prepared prior to that time to ensure it can begin recruitment in July and immediately work to become compliant with HRSA's site visit findings.

**H. Supplemental Information**

- None     Facility/Capital Costs     Equipment     Contracts     Other

**Attachments:**

- Workload Analysis (Attachment 1)
- Current ADAP Organization Chart (Attachment 2)
- Proposed ADAP Organization Chart (Attachment 3)

**I. Recommendation**

**Alternative 1:** Increase expenditure authority by \$536,000 from the AIDS Drug Assistance Program Rebate Fund (Fund 3080) and establish 5.0 permanent positions to address the increase in client eligibility verification workload within ADAP.

Center for Infectious Diseases  
Office of AIDS  
AIDS Drug Assistance Program Branch

Associate Government Program Analysts  
4 Positions

Activity	Number of Items	Hours per Item	Total Hours
Ensure each ADAP client meets initial enrollment/annual ADAP eligibility required to verify proof of California residence, picture identification, proof of income, proof of Medi-Cal application, and/or documentation of any current health insurance, letter of HIV diagnosis from the client's physician/prescriber, and laboratory test results, which must be dated within the previous six months.	10,391	0.50	5,196
Follow-up on incomplete ADAP client eligibility recipient files to ensure all required documentation to verify eligibility is maintained in the recipient's file. Follow-up issues may include: 1) missing current CD4 count/current viral load lab; 2) missing or incomplete income documentation; 3) missing 30-day grace period form; 4) missing residency documentation; 5) proof of residency or proof of HIV status does not meet California requirements; 6) application not signed and/or dated by client; and 7) missing valid proof of identification.	1,039	1.5	1,559
Evaluate program effectiveness/efficiency and provide recommendations for changes in guidelines, policies, procedures, and checklists to ensure continuous program quality improvement. Develop implementation process to incorporate adopted program changes. Participate in the development of procedures, eligibility guidelines, training materials, management memos, and fact sheets to reflect programmatic or policy changes. Represent ADAP at regional trainings statewide in conjunction with the Pharmacy Benefits Manager to provide updated information, respond to program questions, and ensure accurate guidance is being given to new and existing enrollment workers. Attend/participate in mandated and/or developmental trainings.	16	8	128
Provide technical assistance to enrollment sites on issues, including: local eligibility issues; client eligibility issues, such as access to medication; grace period; Medicare Part D; Medi-Cal; third party payer issues; electronic submission of eligibility forms/documents; coordination/collaboration in the evaluation of enrollment site compliance with policies/procedures/guidelines; client calls; and payment issues, including with insurance companies.	39.6	8	317
<b>Total hours for workload projected for this classification</b>			<b>7,200</b>
<b>1,800 hours = 1 Position</b>			
<b>Actual number of Positions requested</b>			<b>4.0 PYs</b>

Center for Infectious Diseases  
Office of AIDS  
AIDS Drug Assistance Program Branch

Staff Service Manager I  
1 Position

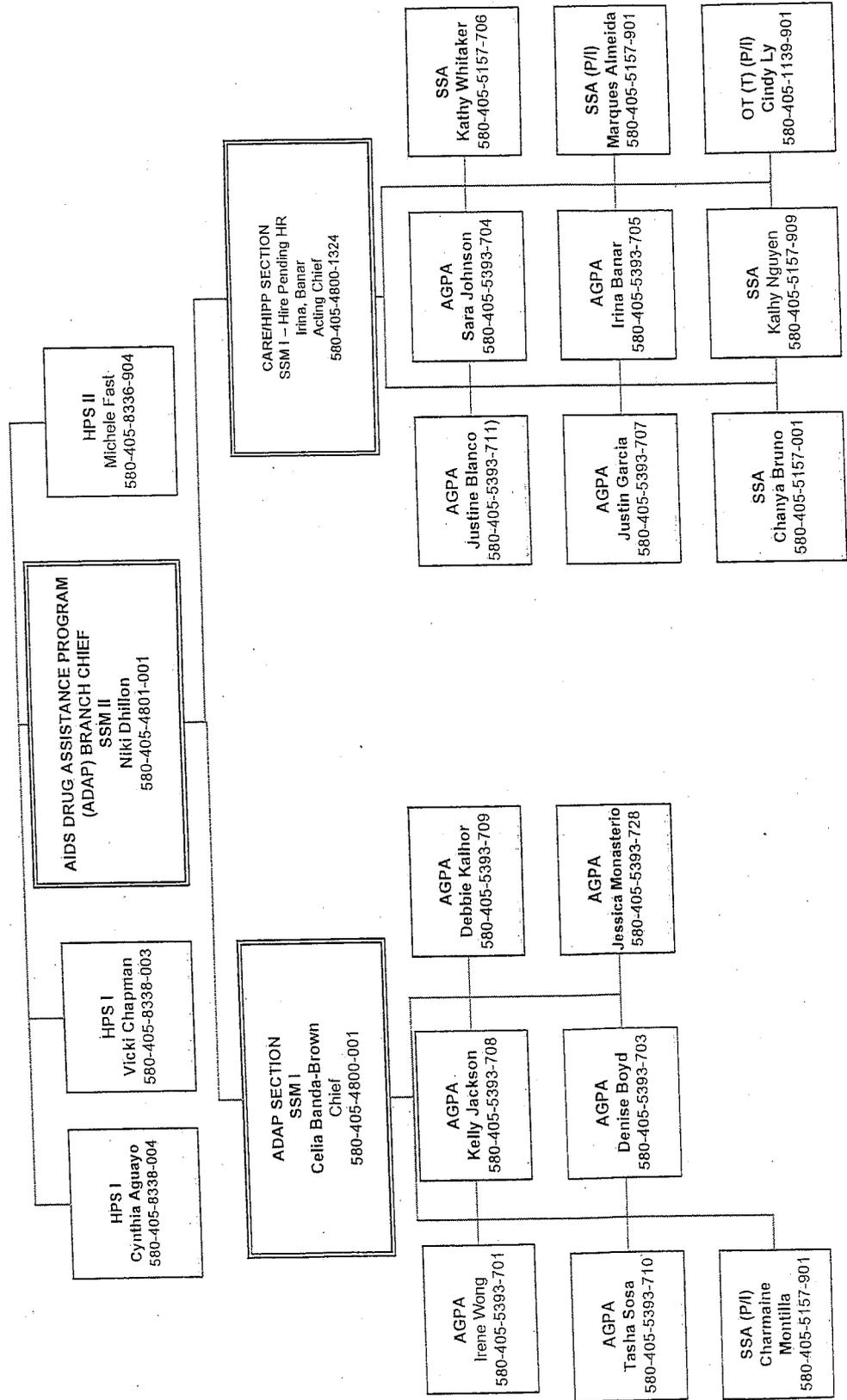
Activity	Number of Items	Hours per Item	Total Hours
Serve as Chief of the Office of AIDS (OA), AIDS Drug Assistance Program (ADAP) Branch, ADAP Eligibility Unit. Supervise and oversee work activities and monitor staff comprised of four Associate Governmental Program Analysts. Review applications for new and existing OA-Health Insurance Premium Payment (OA-HIPP) and ADAP clients, including analyzing staff application packets and verifying client eligibility. Ensures adequate training of staff and oversees the monitoring of enrollment systems to ensure only eligible clients are served.	6	118	708
Monitor and approve Unit staff attendance/leave, initiate staff actions as needed, conduct annual staff appraisals, initiate and approve staff training and development plans, develop, revise, and approve staff duty statements, and oversee hiring and other personnel issues.	150	3	450
Respond to inquiries from the OA Division Chief, the Department Director's Office, the California Health and Human Services Agency, the Governor's Office, the Legislature, advocacy organizations, local AIDS program providers, and individuals living with HIV/AIDS.	135	2	270
Facilitate and participate in Eligibility Unit staff meetings, ADAP Policy and Fiscal Section staff meetings, and OA Management Team Meetings. Represent OA at conferences, external meetings, and with advocate groups.	96	3	288
Develop strategic work plans and goals and objectives to ensure unit staff meet Department, state, and federal guidelines. Monitor program needs and revise work plans and goals to conform to changing needs.	12	7	84
<b>Total hours for workload projected for this classification</b>			<b>1,800</b>
<b>1,800 hours = 1 Position</b>			
<b>Actual number of Positions requested</b>			<b>1.0 PY</b>

California Department of Public Health  
**Center for Infectious Diseases**



OFFICE of AIDS  
**AIDS DRUG ASSISTANCE PROGRAM BRANCH**

CURRENT (as of 10/02/2014)



California Department of Public Health  
**Center for Infectious Diseases**  
**OFFICE of AIDS**  
**AIDS DRUG ASSISTANCE PROGRAM BRANCH**



**PROPOSED**

HPS II  
 Michelle Fast  
 580-405-8338-909

AIDS DRUG ASSISTANCE PROGRAM  
 (ADAP) BRANCH CHIEF  
 SSM II  
 Niki Dhillon  
 580-405-4801-001

OT (T) (P/I)  
 Cindy Ly  
 580-405-1139-901

OPERATIONS UNIT 1  
 SSM I  
 Celia Banda-Brown  
 Chief  
 580-405-4800-001

AGPA  
 Denise Boyd  
 580-405-5393-703

SSA  
 Chanya Bruno  
 580-405-5157-001

AGPA  
 Kelly Jackson  
 580-405-5393-708

SSA  
 Kathy Whitaker  
 580-405-5157-706

AGPA  
 Jessica Monasterio  
 580-405-5393-728

AGPA  
 Justine Blanco  
 580-405-5993-711

SSA  
 Kathy Nguyen  
 580-405-5157-909

SSA (P/I)  
 Marques Almeida  
 580-405-5157-901

ELIGIBILITY AND OPERATIONS UNIT 3  
 SSM I  
 New  
 Chief  
 580-405-4800-909

AGPA  
 Irina Banar  
 580-405-5393-705

AGPA  
 Irene Wong  
 580-405-5393-701

NEW  
 Vacant  
 580-405-5393-909

NEW  
 Vacant  
 580-405-5393-909

AGPA  
 Debbie Kathor  
 580-405-5393-709

SSA (P/I)  
 Charmaine Montilla  
 580-405-5157-901

NEW  
 Vacant  
 580-405-5393-909

NEW  
 Vacant  
 580-405-5393-909

POLICY AND FISCAL SECTION  
 SSM I (Hire Pending HR)  
 Irina Banar, Acting Chief  
 580-405-4800-909

HPS I  
 Cynthia Aguayo  
 580-405-8338-004

HPS I  
 Vicki Chapman  
 580-405-8338-003

AGPA  
 Tasha Sosa  
 580-405-5393-710

AGPA  
 Sara Johnson  
 580-405-5393-704

AGPA  
 Justin Garcia  
 580-405-5393-707

# BCP Fiscal Detail Sheet

DP Name: 4265-012-BCP-DP-2015-GB

BCP Title: AIDS Drug Assistance Program Eligibility Verification

FY15

## Budget Request Summary

	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	5.0	5.0	5.0	5.0	5.0
<b>Total Positions</b>	<b>0.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
Salaries and Wages	0	306	306	306	306	306
Earnings - Permanent	\$0	\$306	\$306	\$306	\$306	\$306
<b>Total Salaries and Wages</b>	<b>0</b>	<b>\$306</b>	<b>\$306</b>	<b>\$306</b>	<b>\$306</b>	<b>\$306</b>
Total Staff Benefits	0	131	131	131	131	131
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$437</b>	<b>\$437</b>	<b>\$437</b>	<b>\$437</b>	<b>\$437</b>

## Operating Expenses and Equipment

5301 - General Expense	0	27	27	27	27	27
5302 - Printing	0	9	9	9	9	9
5304 - Communications	0	7	7	7	7	7
5322 - Training	0	2	2	2	2	2
5324 - Facilities Operation	0	52	52	52	52	52
5344 - Consolidated Data Centers	0	2	2	2	2	2
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$99</b>	<b>\$99</b>	<b>\$99</b>	<b>\$99</b>	<b>\$99</b>
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>

## Fund Summary

Fund Source - State Operations	0	536	536	536	536	536
3080 - AIDS Drug Assistance Program Rebate	\$0	\$536	\$536	\$536	\$536	\$536
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>

## Program Summary

Program Funding	0	536	536	536	536	536
4045023 - Infectious Diseases	\$0	\$536	\$536	\$536	\$536	\$536
<b>Total All Programs</b>	<b>\$0</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>	<b>\$536</b>





Enter Program Budget Measures	Past Year -4	Past Year -3	Past Year -2	Past Year -1	Past Year
Authorized Expenditures	\$257,179,000	\$228,999,000	\$289,045,000	\$309,583,000	\$308,149,000
Actual Expenditures	\$251,151,000	\$221,238,000	\$289,045,000	\$286,488,000	\$296,648,000
Revenues	\$171,400,000	\$263,030,000	\$242,068,000	\$302,311,000	\$278,659,000
Authorized Positions	60.9	59.9	59.9	105.9	99.9
Filled Positions	52.8	53.1	52.8	89.8	
Vacancies	8.1	6.8	7.1	16.1	

<sup>1</sup>Dollars reflect Fund 3080 AIDS Drug Assistance Program (ADAP) Rebate Fund.

<sup>2</sup>Authorized and Filled positions reflect the CDPH Office of AIDS.