

## Talking Points: FY 2010-11 May Revision Budget Proposal and the Office of AIDS

### *Big Picture*

- The only budget item pertaining to the Office of AIDS is the ADAP budget.
- Good news: the proposed state general fund support for ADAP remains at a level that does not require any additional programmatic changes beyond the jail coverage change in the January budget proposal.
- Details can be found in the ADAP Estimate Package (EP) on the Office of AIDS website. Talking Points will also be posted next week.

### *Additional Details*

- The general fund augmentation proposed in the January Governor's Budget was approximately \$87.5 million.
- The general fund augmentation proposed in the May Revision Budget proposal is approximately \$54.8 million (page 10 of the EP, General Fund Augmentation line of the Fund Condition Statement).
- The reduction in general fund need between these 2 estimates does not reflect programmatic reductions, but rather results from the following 5 factors:
  1. A reduction in the linear regression expenditure estimate resulting from updated data points (p4 of the EP).
  2. A reduction in estimated drug expenditures resulting from a lawsuit that lowered the value of the Average Wholesale Price (AWP), which is the basis of the ADAP reimbursement to our pharmacy benefits manager (PBM; p4 of the EP).
  3. A change in the reimbursement structure for the next PBM contract that will result in administrative cost savings (p5 of the EP).
  4. Health Care Reform legislation that will enable ADAP expenditures towards Medicare Part D True Out of Pocket Costs (TrOOP) to count and enable clients to move from the "donut hole" to catastrophic coverage (p6 of the EP).
  5. Increase in the Ryan White Part B grant award with \$4.7 million additional ADAP funds.

### *Next Steps*

- Legislative budget sub-committee hearings.
- Legislative Conference Committee proposal.
- Budget bill development.
- Governor's signature and enactment of the budget bill.

*Additional Notes*

- Assembly budget sub-committee hearings on the January Governor's Budget: voted to restore prevention and care funding at last year's Conference Committee levels.
- Senate budget sub-committee hearings on the January Governor's Budget: added trailer bill language to address current statutory limitations on HIV rapid testing for agencies no longer receiving Office of AIDS funding.
- Outcome of these items will depend upon the processes described in the Next Steps section above.