

**Fiscal Year (FY) 2020-21 Governor's Budget**  
**Office of AIDS (OA), California Department of Public Health (Public Health)**

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**Summary**

The Office of AIDS (OA) is pleased to announce that the Governor's Budget proposal continues to support California's [Laying a Foundation for Getting to Zero](https://www.cdph.ca.gov/Programs/CID/DOA/CDPH%20Document%20Library/IP_2016_Final.pdf) Plan ([https://www.cdph.ca.gov/Programs/CID/DOA/CDPH%20Document%20Library/IP\\_2016\\_Final.pdf](https://www.cdph.ca.gov/Programs/CID/DOA/CDPH%20Document%20Library/IP_2016_Final.pdf)). Under this budget proposal, the two OA programs that continue to receive state General Fund Local Assistance are the HIV Surveillance and HIV Prevention programs. The 2020-21 Governor's Budget includes \$10.1 million for the HIV Surveillance program for FY 2019-20 and FY 2020-21, and includes \$28.2 million in FY 2019-20 for the HIV Prevention program (\$5 million ongoing, and one-time funding of \$15.2 over four years, per legislative augmentation in the 2019 Budget Act) and \$28.2 million in FY 2020-21.

**AIDS Drug Assistance Program (ADAP) Detail***Funding*

ADAP is currently funded through the Federal Trust Fund and the ADAP Rebate Fund – State Special Fund (pharmaceutical manufacturer rebates).

FY 2019-20 (Current Year, July 1, 2019 through June 30, 2020):

The 2019 Budget Act included ADAP Local Assistance funding of \$449.5 million, with no state General Fund appropriation. The revised current year 2019-20 budget is \$431.3 million, a decrease of \$18.2 million (four percent) when compared to the 2019 Budget Act. The net decrease is primarily due to a decrease in projected medication expenditures partially offset by a projected increase in private insurance medical out-of-pocket expenditures. Changes to ADAP's budget authority when compared to the 2019 Budget Act include:

- Decrease of \$18.6 million in Federal Funds.
- Increase of \$400,000 in ADAP Rebate Funds.

FY 2020-21 (Budget Year, July 1, 2020 through June 30, 2021):

Proposed ADAP Local Assistance funding for the budget year is \$467.5 million, an increase of \$18 million (four percent) when compared to the 2019 Budget Act, and an increase of \$36.2 million when compared to the revised current year 2019-20 estimate. The net increase is primarily due to a projected increase in

insurance premium and medical out-of-pocket expenditures partially offset by a projected decrease in medication expenditures. Changes to ADAP's budget authority when compared to the 2019 Budget Act include:

- Decrease of \$21.9 million in Federal Funds.
- Increase of \$39.9 million in ADAP Rebate Funds.

The summary of these ADAP funding sources can be seen in Table 1 on page 4 of the 2020-21 ADAP November Estimate.

#### *ADAP Utilization*

Approximately 29,905 individuals received ADAP services in FY 2018-19. It is estimated that 30,211 individuals will receive services in FY 2019-20 and 30,527 individuals will receive services in FY 2020-21 (see Figure 1, ADAP Client Count Trend on page 29, 2020-21 ADAP November Estimate).

#### *Pre-Exposure Prophylaxis-Assistance Program (PrEP-AP) Utilization*

Approximately 1,367 individuals received PrEP-AP services in FY 2018-19. It is estimated that 2,412 individuals will receive services in FY 2019-20 and 3,392 individuals will receive services in FY 2020-21 (see Figure 3, ADAP PrEP-AP Client Trend on page 31, 2020-21 ADAP November Estimate).

#### *Assumptions*

**There are three new Assumptions included in the 2020-21 Governor's Budget:**

#### **Decrease in Federal Funds: 2019 Ryan White Part B Grant**

The Ryan White Part B grant is the largest of the three federal grants that ADAP receives funding for and unlike the other two grants is a non-competitive grant. Grant funding is appropriated in five, 12-month budget periods that run from April 1<sup>st</sup> to March 31<sup>st</sup>. Within the five-year funding cycle, funding from year to year is provided as long as the program remains eligible and submits timely all reporting requirements. The grant is shared between Public Health/OA's HIV Care Branch and ADAP Branch, and is broken into three main sub-components: Base, Minority AIDS Initiative (MAI), and ADAP Earmark. Funding for Base and MAI is utilized by the HIV Care Branch and ADAP Earmark funding is utilized by the ADAP Branch.

In November 2018, Public Health/OA applied for the 2019 Ryan White Part B grant, the third year of the latest five-year funding cycle. The funding requested in the grant application totaled \$140.2 million, of which \$105.7 million was requested for the ADAP Branch, and \$34.5 million was requested for the HIV Care Branch.

In April 2019, Public Health/OA received the notice of award for the 2019 Ryan White Part B grant. The total award received was \$139 million or \$1.2 million below what Public Health/OA applied for. The ADAP Branch received \$104.1 million, \$1.6 million less in funding, and the HIV Care Branch received \$34.9 million, \$400,000 more in funding.

### **Decrease in Federal Funds: 2019 Ryan White Part B Supplemental Grant**

In March 2019, the Health Resources Services Administration (HRSA) released a notice of funding opportunity for the 2019 Ryan White Part B Supplemental Grant. HRSA anticipates approximately \$86.2 million will be available nationwide through the 2019 Ryan White Part B Supplemental grant, but the ceiling amount that each applicant can apply for is \$15 million. The purpose of the Ryan White Part B Supplemental grant is to develop and/or enhance access to a comprehensive continuum of high quality care and treatment services for low-income individuals living with HIV. The amount of each award is based on submitted data demonstrating the severity of the HIV epidemic in the applicant's state/territory, co-morbidities, cost of care, and service needs of emerging populations. The grant is shared between Public Health/OA's HIV Care Branch and ADAP Branch.

In May 2019, Public Health/OA applied for the competitive 2019 Ryan White Part B Supplemental grant. Public Health/OA requested the maximum amount of \$15 million, with \$11.3 million specifically for ADAP to be used in FY 2019-20.

On September 3, 2019, Public Health/OA received a notice of award for \$6.4 million, which is \$8.6 million less than applied for. Of the amount awarded \$4.7 million will be utilized by ADAP for medication expenditures.

### **Increase in Federal Funds: 2018 Ryan White Part B Grant Carryover**

The Ryan White Part B grant is the largest of the three federal grants that ADAP receives funding for and unlike the other two grants is a non-competitive grant. Grant funding is appropriated in five, 12-month budget periods that run from April 1<sup>st</sup> to March 31<sup>st</sup>. Within the five-year funding cycle, funding from year to year is provided as long as the program remains eligible and submits timely all reporting requirements. The grant is shared between Public Health/OA's HIV Care Branch and ADAP Branch, and is broken into three main sub-components: Base, MAI, and ADAP Earmark. Funding for Base and MAI is utilized by the HIV Care Branch and ADAP Earmark funding is utilized by the ADAP Branch.

Funding from the Ryan White Part B grant that is not fully expended by the end of the budget period can be carried over to the next budget period with approval from HRSA. Public Health/OA can generally determine how carryover funding is utilized, with the exception of MAI funding, which must be utilized solely by the HIV Care Branch. Carryover funding from the Base and the ADAP Earmark are always utilized by the ADAP Branch due to administrative limitations that prevent the HIV Care Branch from timely utilization of carryover funds, as carryover funding must be expended by March 31 of any given year.

On August 27, 2019, Public Health/OA finalized closing the 2018 Ryan White Part B grant with HRSA and applied for carryover funding. Upon closure of the grant there remained \$3.4 million in unspent funding, of which ADAP Branch will get \$3.3 million and the HIV Care Branch will get \$101,000. Broken down by sub-component, Base had \$2.4 million, MAI had \$101,000, and the ADAP Earmark had \$940,000, in carryover funding.

On October 17, 2019, Public Health/OA received a notice of award for the full \$3.4 million that was requested in unspent funding. ADAP Branch's portion of this award is \$3.3 million.

**There is one existing Assumption included in the 2020-21 Governor's Budget:**

**Access, Adherence, and Navigation (AAN) Program**

Beginning in FY 2017-18, Public Health/OA began allocating funds to a select number of ADAP enrollment sites with the highest uninsured client caseloads to navigate uninsured individuals to comprehensive health coverage and to support ADAP clients with achieving and maintaining viral suppression. Public Health/OA initially selected the top 19 sites with the largest ADAP medication-only client population to participate in the AAN Program. Of the 19 ADAP enrollment sites invited to participate, ten enrollment sites declined due to a variety of reasons. These reasons include lack of capacity and lack of infrastructure to bill for clients with private insurance. Additionally, financial disincentive due to reduced reimbursement rates from private insurance plans compared to higher reimbursement rates received for some Ryan White Part A funded ambulatory health services contributed to declining enrollment.

To align with the federal grant year and allow for the program to operate during an additional open enrollment period, Public Health/OA amended program contracts to extend the contract end date from June 30, 2019 to March 31, 2020.

Also, because of lower than anticipated enrollment site participation, Public Health/OA allocated an additional \$120,000 in FY 2018-19 and \$90,000 in FY 2019-20 to five of the nine participating enrollment sites identified as having the highest number of medication-only clients. The increased funding is being leveraged to add additional resources at these sites to navigate more clients to comprehensive health coverage.

The AAN program has been valuable in helping to understand the unique barriers clients face by county in accessing health care coverage. Since contract inception, navigators have navigated 629 clients to comprehensive health coverage out of 2,217 outreach attempts to unique clients. The current AAN contracts with the nine participating enrollment sites expire on March 31, 2020, after which Public Health/OA plans to use information learned during the program to expand the geographic scope of navigation services statewide by centralizing these functions in-house. Public Health/OA plans to have approximately 18 existing state staff funded through the Ryan White Part B grant absorb this work and conduct outreach to clients and provide linkage to certified Covered California enrollment sites. Public Health/OA staff maintain collaborative workgroups with insurance plans during the open enrollment period and will be able to provide specialized assistance to uninsured clients. Approximately 9,000 ADAP clients or one-third of all ADAP clients statewide are uninsured, with more than half of uninsured clients receiving ADAP services in Los Angeles County where six of the nine AAN sites are located and where a majority of the enrollment barriers have been identified. By widening the geographic scope, Public Health/OA is increasing the pool of clients that can be engaged and anticipates being able to increase the number of client interactions that lead to successful navigation outcomes.

Estimated net savings for FY 2019-20, \$1.3 million from navigating an estimated 242 clients to comprehensive health insurance. Estimated net savings for FY 2020-21, \$4.7 million from navigating an estimated 362 clients to comprehensive health insurance.