

Fiscal Year (FY) 2018-19 May Revision
Office of AIDS, California Department of Public Health (CDPH)

Summary

The Office of AIDS (OA) is pleased to announce that the May Revision 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). Under this update to the Governor's Budget, the two OA programs that continue to receive state General Fund for Local Assistance are the HIV Surveillance and Prevention Programs. For Fiscal Year (FY) 2017-18 and FY 2018-19, the HIV Surveillance Program's General Fund will remain \$6.7 million, and the HIV Prevention Program's General Fund will remain \$7.5 million, both unchanged from the 2018-19 Governor's Budget. There is one new ADAP policy change, an ADAP Special Fund State Operations Cost Adjustment related to funding for the ADAP Enrollment System.

ADAP Detail

Funding

ADAP is currently funded through federal funds and the ADAP Special Fund (pharmaceutical manufacturer rebates).

FY 2017-18 (July 1, 2017 – June 30, 2018):

The 2018-19 Governor's Budget included ADAP Local Assistance funding of \$398.1 million, with no state General Fund appropriation. The revised current year 2017-18 budget is \$392 million, a decrease of \$6.2 million (1.5 percent) when compared to the 2018-19 Governor's Budget. Figures are rounded for presentation purposes and as a result may not add exactly. The decrease is mainly due to a projected decrease in caseload. Changes to ADAP's budget authority when compared to the 2018-19 Governor's Budget include:

- Decrease of \$6.2 million in ADAP Rebate Fund budget authority.

The revised FY 2017-18 budget does not contain a General Fund appropriation or any cuts to services. ADAP requests a decrease of \$6.2 million in ADAP Rebate Fund expenditure authority when compared to the 2018-19 Governor's Budget.

FY 2018-19 (July 1, 2018 – June 30, 2019):

Proposed ADAP Local Assistance funding for the budget year is \$432.1 million, a decrease of \$2.3 million (0.5 percent) when compared to the 2018-19 Governor's Budget, and an increase of \$40.1 million when compared to the revised FY 2017-18 funding. The decrease from the 2018-19 Governor's Budget is primarily due to

a decrease in projected caseload. Changes to ADAP's budget authority when compared to the 2017 Budget Act include:

- o Decrease of \$2.3 million in ADAP Rebate Fund budget authority.

The summary of these ADAP funding sources can be seen in Table 1 on page 4 of the ADAP May Revision Estimate.

ADAP Utilization

It is estimated that 28,597 individuals will receive services in FY 2017-18 and 30,864 individuals will receive services in FY 2018-19.

Policy Changes

There is one new ADAP policy change included in the 2018-19 May Revision:

ADAP Special Fund State Operations Cost Adjustments

The interim ADAP Enrollment System (AES) was built as a basic, interim solution while a permanent IT solution could be identified via the Project Approval Lifecycle (PAL) process. The California Department of Technology (CDT) and CDPH Information Technology Services Division (ITSD) are currently working collaboratively with the Office of AIDS to evaluate a long-term IT solution for the ADAP enrollment benefits system.

CDPH is requesting an ADAP Special Fund State Operations expenditure adjustment to reflect an increase of \$1.6 million for FY 2017-18 and \$4.4 million in FY 2018-19 for the interim AES and PAL process to identify a permanent solution for the ADAP enrollment benefits system.

There are two existing ADAP policies included in the 2018-19 May Revision:

Access, Adherence, and Navigation Program

The objectives of ADAP's Access, Adherence, and Navigation Program are to: 1) increase the number of ADAP clients enrolled in comprehensive health coverage; and 2) achieve and maintain viral load suppression among ADAP clients. By providing outreach, ADAP will be able to transition more medication-only clients to comprehensive health coverage and provide clients who are not virally suppressed with resources to help assist in achieving and maintaining viral suppression.

ADAP included projected cost savings and expenditures in the FY 2018-19 Governor's Budget. ADAP has revised these projections in the May Revision due to first year implementation and ramp up; the program started in November 2017.

In FY 2017-18, ADAP projects a cost of \$805,000 for navigating 40 medication-only clients to private insurance. In FY 2018-19, ADAP projects net savings of \$3.3 million from navigating an estimated 499 medication-only clients to private insurance.

PrEP Assistance Program (PrEP-AP)

The PrEP-AP will provide assistance with: 1) costs for PrEP-related medical services for uninsured individuals who are enrolled in a drug manufacturer's PrEP medication assistance program; and 2) for insured individuals, (a) the cost of medication copays, coinsurance, and deductibles for the prevention of HIV infection after the individual's insurance is applied and, if eligible, after the drug manufacturer's medication assistance program's contributions are applied; and b) medical copays, coinsurance, and deductibles for PrEP-related medical services. Phase 1, for the uninsured population, was implemented in April 2018, while Phase 2 for the insured population, is projected to be implemented in June 2018.

In FY 2017-18, CDPH anticipates adding 250 clients to the PrEP-AP, resulting in \$863,000 in PrEP-related expenditures.

In FY 2018-19, CDPH estimates 1,450 clients will receive PrEP-AP, resulting in \$1.3 million in PrEP-related expenditures.

There are two unchanged ADAP policies included in the 2018-19 May Revision:

Payment of Out-of-Pocket Medical Expenses for All OA Health Insurance Premium Payment (OA-HIPP) Clients

The 2016 Budget Act included funding authority to allow OA-HIPP to pay health insurance premiums and medical out-of-pocket costs for all ADAP clients with health insurance, including those with employer based insurance. Through the 2017 Budget Act, ADAP clarified that it would extend OA-HIPP services to include payment of outpatient medical out-of-pocket costs or Medigap policies to clients co-enrolled in the Medicare Part D Premium Payment Program.

CDPH expects to start enrolling individuals with employer based insurance into OA-HIPP in June 2018, and expects to be able to pay for Medicare Part B outpatient medical out-of-pocket costs and/or Medigap policies (which cover medical out-of-pocket costs) for clients enrolled in the Medicare Part D Premium Assistance Program in June 2018.

For FY 2017-18, CDPH projects 97 clients with employer-based insurance will enroll in OA-HIPP, resulting in \$246,000 in expenditures. CDPH projects 276 clients will enroll in FY 2018-19, resulting in \$968,000 in expenditures.

For FY 2017-18, CDPH projects 42 clients co-enrolled in the Medicare Part D Premium Assistance Program will receive benefits associated with Medicare Part B medical out-of-costs and/or Medigap premiums, resulting in \$93,000 in expenditures. For FY 2018-19, ADAP projects 267 clients will receive benefits associated with Medicare Part B

medical out-of-pocket costs and/or Medigap premiums, resulting in \$432,000 in expenditures.

Increase in Funding to ADAP Enrollment Sites

As proposed in the 2018-19 Governor's Budget and starting in FY 2018-19, CDPH proposes to evaluate caseload and ADAP services performed by enrollment sites and adjust reimbursements annually through the Estimate. For FY 2018-19, the reimbursement model will be similar to the model developed in conjunction with stakeholders for allocating one-time funding received through the legislative augmentation for FY 2017-18.

CDPH is in the process of developing metrics to monitor enrollment site performance and to ensure that this on-going increase in funding to ADAP enrollment sites results in improved client health outcomes and more clients transitioning to comprehensive health coverage. CDPH will work with stakeholders to finalize proposed metrics.

For FY 2018-19, ADAP projects enrollment costs of \$6.8 million, a decrease of \$1.1 million from the 2018-19 Governor's Budget. This decrease is due to a lower estimate of client enrollment. This proposal is expected to be cost neutral because CDPH expects at least 249 ADAP clients will transition to private insurance, resulting in \$2.8 million in reduced medication expenditures.