AIDS DRUG ASSISTANCE PROGRAM

2023-24

May Revision Estimate

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I. Program Overview

The California Department of Public Health (CDPH), Center for Infectious Diseases, Office of AIDS (OA) administers the Acquired Immunodeficiency Syndrome (AIDS) Drug Assistance Program (ADAP). ADAP provides access to life-saving medications for eligible California residents living with Human Immunodeficiency Virus (HIV), assistance with costs related to HIV pre-exposure prophylaxis (PrEP) for clients at risk for acquiring HIV, and post-exposure prophylaxis (PEP) for clients who may have been exposed to HIV. ADAP services, including support for medications, health insurance premiums, and medical out-of-pocket costs, are provided to five groups of clients:

1. **Medication-only clients** are people with HIV (PWH) who do not have private insurance and are not enrolled in Medi-Cal or Medicare. ADAP covers the full cost of prescription medications on the ADAP formulary for these individuals. This group only receives services associated with medication costs.

2. **Medi-Cal Share of Cost (SOC) clients** are PWH enrolled in Medi-Cal who have a SOC for Medi-Cal services. ADAP covers the SOC for medications for these clients. This group only receives services associated with medication costs.

3. **Private insurance clients** are PWH who have some form of health insurance, including insurance purchased through Covered California, privately-purchased health insurance, or employer-based health insurance. This group is divided into three client sub-groups: Covered California clients, non-Covered California clients, and employer-based insurance clients. These groups receive medication benefits and may also receive assistance with health insurance premiums and medical out-of-pocket costs.

4. **Medicare clients** are PWH who are enrolled in a Medicare plan. This group is divided into three client sub-groups: Part B, Part C, and Part D. These groups receive medication benefits and may also receive assistance with health insurance premiums and medical out-of-pocket costs.

5. **PrEP Assistance Program (PrEP-AP) clients** are HIV-negative individuals who are at risk of HIV infection and who have chosen to take PrEP as a way to prevent infection. For insured clients, the PrEP-AP pays for PrEP and PEP related medical out-of-pocket costs and covers the gap between what the client's insurance plan and the manufacturer's copayment assistance program pays towards medication costs. For uninsured clients, PrEP-AP only provides assistance with PrEP and PEP-related medical costs and medication costs for clients who are ineligible for a medication assistance program through a drug manufacture or other assistance programs.

As a covered entity in the Health Resources & Services Administration (HRSA) 340B Drug Pricing Program, ADAP collects rebates for most prescriptions purchased for ADAP clients. ADAP does not collect rebates for prescriptions purchased for Medi-Cal SOC or PrEP-AP clients. To prevent duplicate rebate discounts on the same claim, which is prohibited, ADAP does not invoice manufacturers for rebates on Medi-Cal SOC claims. As the primary payer, Medi-Cal has the right to claim mandatory rebate on prescriptions for Medi-Cal SOC clients. ADAP also does not collect rebate on medication purchases for PrEP-AP clients because PrEP-AP is separate and distinct from ADAP and is not a 340B covered entity.

Historically, most ADAP clients were medication-only clients without health insurance because PWH were unable to purchase affordable health insurance in the private marketplace. With the implementation of the Affordable Care Act, more ADAP clients have been able to access public and private health insurance coverage. ADAP clients are screened for Medi-Cal eligibility and potentially eligible clients must apply to safeguard ADAP as the payer of last resort. Clients who enroll in full-scope Medi-Cal are disenrolled from ADAP because these clients have no SOC, no drug copays or deductibles, and no premiums. All clients who obtain health coverage through Covered California or other health plans can remain in ADAP's medication program to receive assistance with their drug deductibles and copays for medications on the ADAP formulary.

Eligible clients with health insurance can also coenroll in ADAP's health insurance assistance programs for assistance with their insurance premiums and medical out-of-pocket costs, which can only be paid if ADAP pays the client's premium. Helping ADAP clients purchase and maintain comprehensive health insurance is more cost effective than paying the full cost of medications and improves health outcomes by providing access to the full spectrum of medical care beyond the HIV outpatient care and medications available through the HRSA Ryan White Program.

II. Estimate Methodology

The ADAP Estimate uses a hybrid forecasting approach to estimate costs and revenue associated with medication and insurance assistance services. OA creates statistical models using conventional time series approaches with subject matter input to inform assumptions. Statistical models are reviewed for accuracy and adjusted, as appropriate, using knowledge-based forecasting. Forecasts are modeled conservatively, with the objective of reducing the risk of underestimating budget needs.

A. Expenditure Forecasts

Program data describing client counts and costs are summarized by month and insurance coverage group and combined with external cost drivers (e.g., inflation rates). Data are then divided into "training" and "testing" datasets to develop and test statistical models for accuracy by comparing predicted to actual values. OA relies mainly on two types of models: Bayesian Structural Time Series (BSTS) models, also known as dynamic linear models, and Autoregressive Integrated Moving Average (ARIMA) models. These models account for trends in historical program growth, inflation, changes in pharmacy utilization, administrative policies, and seasonal effects.

Separate estimates are created for each insurance coverage group and total projected costs are based on the following drivers:

- Expected number of clients served per month
- Expected cost per client per month

Total costs are estimated by multiplying the expected cost per client by the expected number of clients and using the delta method to estimate levels of certainty. Subject matter experts collaboratively review model estimates, which are combined with knowledge-based estimates when historical data are not available.

B. Revenue Forecasts

Revenue forecasts are estimated based on the results of the expenditure forecasts and the following drivers:

- Expected unit rebate amounts for statutorily required 340B rebates and voluntary rebates from manufacturers
- Historical rebate payment amounts and average time between medication dispense and receipt of rebate payments
- Historical trends in back-billing

Rebate revenue is estimated by quarter to reflect manufacturer agreements and is adjusted to reflect expected implementation of any newly negotiated voluntary rebate terms.

III. Estimate Overview

The 2023-24 ADAP May Revision Estimate provides revised projections of 2022-23 and 2023-24 Local Assistance costs for medication, health insurance premiums, medical out-of-pocket costs, ADAP enrollment site payments, and administrative costs associated with pharmacy, insurance and medical benefits management services. Total estimated budget authority needs for 2022-23 and 2023-24, below, include all assumptions.

Table 1 displays the estimated ADAP Local Assistance budget authority need for 2022-23 (column C) and 2023-24 (column G) and compares that need to the amount reflected in the 2023-24 Governor's Budget (column B for 2022-23, and column F for 2023-24). The Budget Act of 2018 authorized an ongoing $2 million in budget authority to modify and expand PrEP-AP which is displayed in Table 1 and included with the ADAP Rebate Fund (Fund 3080) budget authority need detailed below.

- 2022-23: OA estimates the ADAP budget authority need will be $372.3 million ($265.8 million ADAP Rebate Fund (Fund 3080) and $106.5 million Federal Trust Fund (Fund 0890)), which is $68.2 million lower than reported in the 2023-24 Governor's Budget (Table 1). The 15.5 percent decrease is driven primarily by lower medication expenditures and premiums than previously estimated (Table 7).
- 2023-24: OA estimates the ADAP budget authority need will be $398 million ($295.9 million ADAP Rebate Fund (Fund 3080) and $102.1 million Federal Trust Fund (Fund 0890)), which is $42.1 million lower than reported in the 2023-24 Governor's Budget (Table 1). The 9.6 percent decrease is driven primarily by the same factors listed above (Table 10).

Table 2 displays the estimated ADAP revenue for 2022-23 (column C) and 2023-24 (column G) and compares them to the amount reflected in the 2023-24 Governor's Budget (columns B for 2022-23 and column F for 2023-24).

- 2022-23: OA estimates ADAP revenue will be $284.3 million (Table 2), $50.8 million lower than reported in the 2023-24 Governor's Budget. The 15.2 percent decrease is driven primarily by decreased rebates due to lower medication expenditures than previously estimated (Table 7).
- 2023-24: OA estimates ADAP revenue will be $365.3 million (Table 2), $14.9 million lower than reported in the 2023-24 Governor's Budget. The

3.9 percent decrease is driven primarily by decreased rebates due to lower medication expenditures than previously estimated (Table 10).

California Department of Public Health
AIDS Drug Assistance Program and PrEP Assistance Program
2023-24 May Revision Estimate
Table 1: Local Assistance Budget Authority
(In Thousands)

Local Assistance	2023-24 Governor's Budget for Current Year 2022-23	Current Year 2022-23			2023-24 Governor's Budget for Budget Year 2023-24	Budget Year 2023-24		
		May Revision Estimate	$ Change from Governor's Budget	% Change from Governor's Budget		May Revision Estimate	$ Change from Governor's Budget	% Change from Governor's Budget
(A)	(B)	(C)	(D) =(C)-(B)	(E) = (D)/(B)	(F)	(G)	(H) = (G)-(F)	(I) = (H)/(F)
Total Funds Requested	**$440,521**	**$372,272**	**-$68,249**	**-15.5%**	**$440,128**	**$398,042**	**-$42,086**	**-9.6%**
Federal Trust Fund - Fund 0890	$107,076	$106,494	-$582	-0.5%	$101,519	$102,102	$583	0.6%
ADAP Rebate Fund - Fund 3080	$331,445	$263,778	-$67,667	-20.4%	$336,609	$293,940	-$42,669	-12.7%
2018 Budget Act - PrEP-AP - Fund 3080	$2,000	$2,000	$0	0.0%	$2,000	$2,000	$0	0.0%
Caseload	35,801	33,132	-2,669	-7.5%	36,628	35,179	-1,449	-4.0%

Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.

2023-24 May Revision Estimate
Table 2: ADAP Rebate Fund (Fund 3080) Revenues
(In Thousands)

Local Assistance	2023-24 Governor's Budget for Current Year 2022-23	Current Year 2022-23			2023-24 Governor's Budget for Budget Year 2023-24	Budget Year 2023-24		
		May Revision Estimate	$ Change from Governor's Budget	% Change from Governor's Budget		May Revision Estimate	$ Change from Governor's Budget	% Change from Governor's Budget
(A)	(B)	(C)	(D) =(C)-(B)	(E) = (D)/(B)	(F)	(G)	(H) = (G)-(F)	(I) = (H)/(F)
Total Revenue Requested	**$335,082**	**$284,260**	**-$50,822**	**-15.2%**	**$380,191**	**$365,289**	**-$14,902**	**-3.9%**
ADAP Rebate Fund - Fund 3080	$332,840	$282,018	-$50,822	-15.3%	$377,949	$363,047	-$14,902	-3.9%
Interest Income	$2,242	$2,242	$0	0.0%	$2,242	$2,242	$0	0.0%

Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.

IV. Summary of Expenditures and Revenue

A. Expenditure Types

ADAP variable expenditures are broken out into two types: health care expenditures and enrollment expenditures.

a) Health care expenditures include prescription medication costs for drugs on the ADAP formulary (including deductibles, copays, and co-insurance), health insurance premiums, and medical out-of-pocket costs (e.g., deductibles and copays for physician visits, laboratory tests, etc.). Estimated expenditures by client group are shown in Table 3. A detailed display of caseload and expenditures by client group and service type is in Section VI, Tables 5 – 10.

b) Enrollment expenditures are payments to local ADAP and PrEP-AP enrollment sites for services needed to enroll and maintain clients in ADAP and PrEP-AP. Enrollment expenditure estimates are adjusted annually through the ADAP Estimate, based on caseload and service

projections. Estimated expenditures for enrollment services are also shown in Table 3.

TABLE 3: ESTIMATED VARIABLE EXPENDITURES BY CLIENT GROUP

CLIENT GROUP	EXPENDITURES	
	FY 2022-23	FY 2023-24
Medication-Only	$255,816,221	$258,436,183
Medi-Cal SOC	$395,481	$407,504
Private Insurance	$82,978,930	$83,607,076
Medicare	$24,765,380	$26,784,768
PrEP-AP	$11,009,028	$24,307,207
SUBTOTAL	**$374,965,040**	**$393,542,738**
Admin Costs: ADAP	$3,090,199	$3,392,831
Admin Costs: PrEP-AP	$620,741	$6,092,815
Admin Costs: Enrollment	$7,020,500	$6,895,450
Health Management Systems (HMS)	-$15,424,240	-$13,881,816
TOTAL	**$370,272,241**	**$396,042,018**

Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.
Admin Costs are pharmacy, insurance and medical benefits management services.

B. Revenue and Federal Grants

a) ADAP Special Funds – ADAP receives both mandatory and voluntary supplemental rebates from drug manufacturers for ADAP medication expenditures. An approximate six-month delay in receipt of rebate revenue, from the time the medication expenditure occurs, exists because of the time required for billing the drug manufacturers. 2022-23 revenue projections are based on actual and estimated rebates from actual and estimated medication expenditures from January through December 2022. 2023-24 revenue projections are based on estimated rebates from estimated medication expenditures from January through December 2023.

b) Federal Funds – ADAP receives federal funds from HRSA through the Ryan White Part B Program.

- 2022-23: Total federal fund budget authority is projected to be $106.5 million (Table 1), $582,000 (0.5 percent) lower than reported in the 2023-24 Governor's Budget. Federal fund budget authority includes the following federal grant assumptions:
  - 2022 Ryan White Part B: $93.4 million
  - 2022 Ryan White Part B Supplemental: $2.3 million
  - 2022 ADAP Emergency Relief Funds (ADAP Shortfall Relief): $5.9 million
  - 2021 Ryan White Part B (Carryover): $4.9 million

- 2023-24: Total federal fund budget authority is projected to be $102.1 million (Table 1), $583,000 (0.6 percent) higher than reported in the 2023-24 Governor's Budget. Federal fund budget authority includes the following estimated federal grant funding:
  - 2022 Ryan White Part B: $93.4 million
  - 2022 Ryan White Part B Supplemental: $2.3 million
  - 2022 ADAP Emergency Relief Funds (ADAP Shortfall Relief): $6.4 million

c) Federal Match – HRSA requires grantees to have HIV-related non-HRSA expenditures. OA meets the match requirement using ADAP Rebate Fund (Fund 3080) expenditures. California's HRSA match requirement for the 2022 Ryan White Part B grant budget period (April 1, 2022, through March 31, 2023) is $68.5 million.

V. Assumptions

New Assumptions

PrEP Medication: Cabotegravir (Apretude)

Background: On December 20, 2021, long-acting injectable cabotegravir (Apretude), an HIV integrase inhibitor, was approved by the federal Food and Drug Administration (FDA) for PrEP. Two pivotal phase III trials of long-acting cabotegravir given as an injection every other month demonstrated that long-acting cabotegravir was superior at preventing HIV infection compared to oral medication PrEP with Truvada (emtricitabine/ tenofovir disoproxil fumarate). The first trial evaluated long-acting cabotegravir in cisgender men who have sex with men and transgender women and demonstrated a 66 percent reduction in HIV incidence compared with Truvada. The second trial evaluated long-acting cabotegravir in cisgender women and demonstrated a 90 percent reduction in HIV incidence compared with Truvada. In both trials, long-acting cabotegravir had a good safety profile, with injection-site reactions being the most prominent side effect and discontinuations due to side effects were infrequent.

Oral PrEP with Truvada and Descovy are still considered to be highly effective but long-acting injectable cabotegravir provides another highly effective tool that can be utilized to prevent HIV infection. In California, it is estimated that only 30 percent of people with an indication for PrEP have been prescribed PrEP, highlighting the need for more HIV prevention options. In particular, long-acting injectable cabotegravir is recommended for people at risk for HIV infection who have had adverse reactions to oral PrEP medications or who have trouble adhering to a daily pill schedule.

On December 29, 2021, in response to the approval of long-acting cabotegravir, California's Insurance Commissioner Ricardo Lara released a bulletin notifying health plans regulated by the by the California Department of Insurance that they are required to cover all PrEP drugs and related clinical services without cost sharing – including long-acting injectable cabotegravir. The U.S. Preventive Services Task Force (USPSTF) has also proposed a grade "A" recommendation for the use of injectable cabotegravir as PrEP in adults and adolescents at increased risk of HIV acquisition.

A barrier to access the long-acting injectable cabotegravir for people who do not have insurance is cost. The manufacturer is charging $3,700 per dose in the United States, or $22,200 per year. A manufacturer assistance program exists, and uninsured patients can enroll and receive medication for free, but OA has received numerous reports from people who are denied access to this assistance program.

Description of Change: OA will add Apretude to the PrEP-AP formulary for use in select situations where uninsured patients cannot access long-acting injectable cabotegravir through an insurance plan or the manufacturer's assistance program. Utilization of long-acting injectable cabotegravir is anticipated to be at a volume that is not cost neutral and is projected to have a moderate fiscal impact.

Discretionary: Yes

Reason for Change/Adjustment:

- This is the first new drug under development specifically indicated for the prevention of HIV infection.
- Prior PrEP medications had first been approved for HIV treatment and were already on the ADAP formulary as an option for HIV treatment.
- As provided by Health and Safety Code (HSC) section 120972, eligible PrEP-AP persons have access to drugs listed on the ADAP drug formulary.
- Individuals seeking access to Apretude face both structural and administrative barriers often resulting in long wait times, denial of coverage, and ultimately failure to initiate treatment.
- The addition of Apretude to the PrEP-AP formulary will alleviate barriers and improve client access to new injectable PrEP treatments available.

Fiscal Impact and Fund Source: There is no identified impact to 2022-23. For 2023-24, the projected fiscal impact is $5.3 million, with no rebate, for 375 clients. The funds impacted are the ADAP Rebate Fund (Fund 3080) and Federal Trust Fund (Fund 0890).

Increase in Federal Funds: 2023 Ryan White Part B Grant

Background: The HRSA Ryan White Part B grant is a non-competitive grant and the largest of the three federal grants for which ADAP receives funding. Grant funding is appropriated in five, 12-month grant budget periods that run from April 1 to March 31. Within the five-year funding cycle, funding from year to year is provided if the program remains eligible and submits all reporting requirements in a timely manner.

Description of Change: On November 16, 2022, OA applied for the 2023 Ryan White Part B grant, the second year of the newest five-year funding cycle. The total funding requested in the grant application was $101.6 million, of which $93.4 million is designated ADAP Local Assistance. On March 14, 2023, OA received the notice of award for the 2023 Ryan White Part B grant in the amount of $139.8 million, of which $93.4 million is ADAP Local Assistance.

Discretionary: Yes

Reason for Adjustment/Change:

- Fully leverage federal funding

Fiscal Impact and Fund Source(s): No change from the $93.4 million in 2023-24 budget authority approved in the 2023-24 November Estimate. The fund impacted is the Federal Trust Fund (Fund 0890).

Increase in Federal Funds: 2023 ADAP Emergency Relief Funds Grant (ADAP Shortfall Relief Grant)

Background: The HRSA ADAP Emergency Relief Funds grant (ADAP Shortfall Relief grant) is intended for states/territories that demonstrate the need for additional resources to prevent, reduce and/or eliminate ADAP waiting lists through implementation of cost-containment measures. OA cost-containment measures include maintaining data match agreements to safeguard ADAP as the payer of last resort.

The following table displays the historical grant application amounts for which OA has applied, and the total funds awarded per grant budget period:

Table 4: ADAP Emergency Relief Funds (Shortfall Relief) Grant		
Grant Budget Period	Application Amount	Total Funds Awarded
2019 (04/01/2019 – 03/31/2020)	$11,000,000	$11,000,000
2020 (04/01/2020 – 03/31/2021)	$10,000,000	$6,537,311
2021 (04/01/2021 – 03/31/2022)	$7,000,000	$5,307,130
2022 (04/01/2022 – 03/31/2023)	$7,000,000	$5,850,650
2023 (04/01/2023 – 03/21/2024)	$7,000,000	$6,433,858

Description of Change: On October 5, 2022, OA applied for the competitive 2023 ADAP Emergency Relief Funds grant. The total funding requested in the grant application was the maximum amount of $7 million, all of which is designated ADAP Local Assistance. On March 2, 2023, OA received the notice of award for the 2023 ADAP Emergency Relief Funds grant in the amount of $6.4 million (all Local Assistance).

Discretionary: Yes

Reason for Adjustment/Change:
- Competitive funding opportunity
- Prior funding does not guarantee that funding will be provided in the future

Fiscal Impact and Fund Source(s): Increase of $583,000 in Local Assistance for 2023-24. The fund impacted is the Federal Trust Fund (Fund 0890).

Existing Assumptions

ADAP Pilot Program for Jails

Background: Prior to 2008, 36 local county jails participated in the ADAP to provide medication assistance to qualifying detainees. The program was terminated in 2008 due to the elimination of funding from the State's General Fund. Subsequently, in 2018, HRSA released Policy Clarification Notice (PCN) 18-02, which permitted the use of HRSA funds for individuals who are detained in a county jail and are not yet convicted of a crime or are not covered by federal or state health benefits. After the PCN release, Orange County asked CDPH to provide ADAP services at their county jail.

Providing ADAP services to jail detainees expands outreach to a vulnerable population while supporting continuity of care for those navigating the judicial system. Incarcerated clients who meet ADAP eligibility requirements can enroll in ADAP with the help of a certified enrollment worker from the county jail, which must be approved as an enrollment site. New and existing clients can access

medication(s) at the jail pharmacy, thus maximizing potential adherence to medicinal regimens. Additionally, the jail pharmacy can provide a prescription refill to clients scheduled for release, so that the client has a supply of medication available until they can access ADAP services through a more traditional enrollment site.

In response to Orange County's request, OA initiated a pilot program in 2021-22 with the Orange County jail. OA, in consultation with the Department of Finance, is expanding the pilot program to other interested county jails after careful consideration of the impact to the ADAP Rebate Fund, both in the short and long term.

OA met with the other interested county jails in the summer of 2022 to understand how they address the transitional needs of people with HIV (PWH) who have been incarcerated. OA determined whether each respective jail would be a suitable ADAP jail enrollment site. Prior to becoming an enrollment site, interested county jails will need to submit a new Enrollment Site Application, begin the contracting process with OA, be added to the Pharmacy Benefits Manager Pharmacy Network, and complete the new enrollment worker training.

The 2022-23 May Revision Estimate approved seven counties which expressed interest: Orange, Los Angeles, Marin, Riverside, San Francisco, San Luis Obispo, and Siskiyou. OA has a contract in place with Orange County and continues to conduct outreach to the remaining six counties.

In the 2023-24 November Estimate, OA requested approval of three additional interested counties in conjunction with the seven aforementioned counties: San Bernardino, San Joaquin, and Tuolumne. Clients will not be enrolled until a contract is in place and the enrollment worker training is completed. Additional funding was requested in 2022-23 for the seven counties, and for both the original seven counties and additional three (ten counties total) in 2023-24 following updated information from the counties.

Description of Change: With Orange County's contract in place since 2021-22, outreach efforts continue for five remaining counties (Los Angeles, Riverside, San Francisco, San Joaquin, and Tuolumne); four counties have withdrawn interest (Marin, San Bernardino, San Luis Obispo, and Siskiyou). As contracts for the remaining counties are not anticipated to be executed until possibly July 2023, the 2022-23 fiscal impact decreased from the 2023-24 November Estimate, reflecting only Orange County expenditures. The 2023-24 fiscal impact reflects six counties total which, due to updated county interest and client count data, is anticipated to decrease compared to the 2023-24 November Estimate.

Discretionary: Yes

Reason for Adjustment/Change:

- HRSA PCN 18-02, which permits the use of funds for individuals who are currently detained in a county jail
- Treatment and suppression of HIV/AIDS and HIV/AIDS-related opportunistic infections among high-risk individuals
- Effective outreach to underserved populations
- Continuity of care

Fiscal Impact and Fund Source(s): For 2022-23, the projected net fiscal impact of Orange County is $775,000 ($1.1 million expenditures minus $325,000 rebate) for 125 eligible clients. For 2023-24, the projected net fiscal impact of six total pilots is $8.7 million ($20.1 million expenditures minus $11.4 million rebate) for 1,731 eligible clients in six counties. The funds impacted are the ADAP Rebate Fund (Fund 3080) and Federal Trust Fund (Fund 0890).

PrEP and PEP Initiation and Retention Initiative (PPIRI)

Background: ADAP received statutory and budgetary authority through the 2016 Budget Act (Chapter 23, Statutes of 2016) to provide services to HIV-negative persons at risk for acquiring HIV. Statutory authority is codified in HSC section 120972 and allows OA to implement PrEP-AP to assist both insured and uninsured individuals who meet eligibility requirements. PrEP-AP helps with PrEP-related and non-occupational PEP-related medical out-of-pocket costs, and access to medications on the PrEP-AP formulary for the prevention of HIV and treatment of sexually transmitted infections.

In 2021, AB 133 (Chapter 143, Statutes of 2021) added language allowing allocation of ADAP funds for PrEP and PEP navigation and retention. AB 133 allows ADAP to fund local health departments and community-based organizations, to the extent that funds are available, for PrEP and PEP navigation and retention coordination and related services. Funded activities may include outreach and education; community messaging; assistance with applying for and retaining health coverage; assistance with enrollment in PrEP and PEP financial assistance programs; care coordination and adherence support; financial assistance for transportation costs; and linkage to behavioral health, substance use, housing, and other social service programs.

This project was named the PrEP and PEP Initiation and Retention Initiative (PPIRI) to avoid confusion with CDPH/OA HIV Prevention Branch PrEP Navigation projects. Planning and development of a competitive solicitation is underway. Stakeholder engagement was held in early 2022 to assess capability, interest, and need.

Description of Change: The 2023-24 November Estimate anticipated the competitive solicitation to commence in the fall of 2022, and agreements with approved entities would commence in early 2023. However, the competitive solicitation was released on January 17, 2023, and agreements with approved entities are due to commence in the summer of 2023. The fiscal impact is anticipated to commence in 2023-24, instead of 2022-23.

Discretionary: Yes

Reason for Adjustment/Change:

- Legislation was codified allowing CDPH/OA to fund local health departments and community-based organizations, to the extent that funds are available, for PrEP and PEP navigation and retention coordination and related services

Fiscal Impact and Fund Source(s): Since the fiscal impact is now anticipated in 2023-24, instead of 2022-23, the estimated savings for 2022-23, compared to the 2023-24 November Estimate, is $4 million for 500 clients ($2.9 million for 25 staff and operating expenses; $929,000 for variable costs [example: PrEP starter packs and lab processing]; $4,500 for indirect costs; and $204,000 for 68 new PrEP-AP clients, inclusive of medication and medical-out-of-pocket costs) . The total estimated cost for 2023-24 is $5.7 million for 875 clients ($3.7 million for 25 staff and operating expenses; $1.7 million for variable costs [example: PrEP starter packs and lab processing]; $10,000 for indirect costs; and $282,000 for 136 new PrEP-AP clients, inclusive of medication and medical-out-of-pocket costs). The fund impacted is the ADAP Rebate Fund (Fund 3080).

Impacts of the Public Health Emergency Unwinding

Background: In January 2020, the U.S. Department of Health and Human Services (HHS) declared a Public Health Emergency (PHE) in response to the outbreak of the Coronavirus (COVID-19) via 42 U.S. Code § 247d – Public Health Emergencies. The continuous coverage requirement was put in place during the COVID-19 PHE to allow more people to get access to, and keep, their Medi-Cal benefits. Individuals who were enrolled in Medi-Cal benefits kept their benefits throughout the PHE regardless of if they no longer qualified. Prior to the PHE, Department of Health Care Services (DHCS) would review information provided by a beneficiary annually and renew their participation in Medi-Cal if they still qualified. However, when the continuous coverage requirement ends, Medi-Cal eligibility staff will conduct a full redetermination for all beneficiaries who would have otherwise been subject to redetermination.

Under the Consolidated Appropriations Act of 2023, the Medicaid continuous coverage requirement ended March 31, 2023. As Medi-Cal has full month

eligibility and clients will not be removed from Medi-Cal prior to the end of the month, this means that normal renewal processing will resume in April of 2023 for individuals with a June 2023 renewal month. Individuals who are due for renewal in June 2023 will have an ex-parte review initiated in April 2023, notice of action sent in June 2023 if the individual is no longer eligible for Medi-Cal, and eligibility will end on June 30, 2023. Normal renewal processing will resume in May 2023 for individuals with a July 2023 renewal month and they will receive a notice of action in July 2023.

Description of Change: The Medicaid continuous enrollment requirement will end March 31, 2023, due to the Consolidated Appropriations Act of 2023. Beginning April 1, 2023, Medi-Cal will resume normal renewal processing for individuals enrolled in full scope Medi-Cal with a June 2023 renewal month. Individuals who are no longer eligible for Medi-Cal with a June 2023 renewal month will have their eligibility discontinued June 30, 2023. OA anticipates a gradual uptake of ADAP enrollment beginning in July 2023 for individuals who no longer qualify for Medi-Cal.

Discretionary: No

Reason for Adjustment/Change:

- Federal mandate

Fiscal Impact and Fund Source(s): Estimated savings for 2022-23 is $9.1 million, broken down as follows: $13.8 million for 537 fewer medication benefit clients per month, offset by a cost increase of $4.7 million for 1,279 additional premium assistance clients. Estimated savings for 2023-24 is $4.7 million, broken down as follows: $9.4 million for 437 fewer medication benefit clients per month, offset by a cost increase of $4.7 million for 1,279 additional premium assistance clients. The funds impacted are the Federal Trust Fund (Fund 0890) and ADAP Rebate Fund (Fund 3080).

Medi-Cal Expansion: Age 50 and Older Regardless of Immigration Status

Background: The 2021 Budget Act (Chapter 21, Statutes of 2021) expanded eligibility for full-scope Medi-Cal benefits to all persons aged 50 years and older, regardless of immigration status. As the federal government only shares in the cost of restricted-scope services, this expansion is primarily funded by state resources.

Historically, only citizens and documented immigrants were eligible to apply for full-scope Medi-Cal. In 2016, the Legislature authorized full-scope Medi-Cal coverage for undocumented persons aged 18 years and under. In 2020, full-scope Medi-Cal coverage for those with undocumented status was expanded to

ages 19 to 25. This latest budget enhancement, effective May 1, 2022, adds ongoing funding for full-scope Medi-Cal coverage for anyone aged 50 years and older, regardless of immigration status.

Increasing the number of clients eligible for full-scope Medi-Cal will result in cost savings to ADAP. Existing clients who qualify for this expansion will be disenrolled from ADAP as these clients have no share of cost, no drug copays or deductibles, and no premiums.

ADAP has established outreach and communication plans so that clients and enrollment workers are informed of the new Medi-Cal eligibility criteria and that enrollment workers use the updated criteria to confirm ADAP eligibility. For new clients, eligibility is determined at the initial enrollment. Existing clients who may qualify for this expansion will be notified by mail and their Medi-Cal eligibility will be confirmed by their re-enrollment deadline (client's birthday).

ADAP serves approximately 2,076 uninsured clients between the ages of 50 and 64 years old who could potentially become newly Medi-Cal eligible. ADAP expected that 50 percent of these clients would begin to transition to Medi-Cal starting in late 2021-22. Those remaining, who were currently and newly eligible, would transition to Medi-Cal throughout 2022-23 and 2023-24.

Description of Change: The 2023-24 May Revision Estimate reflects updated client count data which is anticipated to decrease the 2022-23 estimated savings identified in the 2023-24 November Estimate. The 2023-24 client count data was refined; however, this did not pose a significant change on the 2023-24 fiscal impact identified in the 2023-24 November Estimate.

Discretionary: No

Reason for Adjustment/Change:

- Statutory requirement

Fiscal Impact and Fund Source(s): Estimated net savings for 2022-23 is $14.2 million ($17.1 million in savings minus $2.9 million in rebate) for 687 clients[1]. Estimated net savings for 2023-24 is $9.7 million ($24.7 million in savings minus $15 million in rebate) for 957 clients. The funds impacted are the ADAP Rebate Fund (Fund 3080) and Federal Trust Fund (Fund 0890).

[1] In the 2022-23 May Revision, OA reported an impact for 2022-23 of $29 million in savings for 2,045 fewer clients, a cumulative drop that started in 2021-22. The updated estimate for 2022-23 of 687 clients, represents the drop in clients in current year 2022-23 alone. Similarly, the 2023-24 impact reflects the drop in clients in budget year 2023-24 alone.

Expansion of Medi-Cal to All Income-Eligible Californians

Background: In the last decade, the Medi-Cal program has significantly expanded. These expansions have been driven mainly by the Patient Protection and Affordable Care Act and the state-led expansions of Medi-Cal coverage to undocumented children, young adults, and older adults over age 50.

The most recent Medi-Cal expansion extends full-scope eligibility to all income-eligible undocumented adults aged 26 through 49. Beginning no sooner than January 1, 2024, Medi-Cal will be available to all income-eligible Californians. When ADAP clients become eligible for full-scope Medi-Cal, they must enroll in Medi-Cal, safeguarding ADAP as the payer of last resort. Increasing the number of ADAP clients eligible for full-scope Medi-Cal will therefore reduce the ADAP caseload, lowering ADAP program costs. Once the latest Medi-Cal expansion goes into effect, existing ADAP clients who enroll in full-scope Medi-Cal will be disenrolled from ADAP. If income qualified, individuals newly diagnosed with HIV will be able to enroll in Medi-Cal instead of ADAP.

The Medi-Cal expansion enacted in the 2022 Budget Act (Chapter 43, Statutes of 2022) extends full-scope eligibility to all income-eligible undocumented adults aged 26 through 49. Beginning no sooner than January 1, 2024, Medi-Cal will be available to all income-eligible Californians, estimated at nearly 700,000 persons statewide.

Description of Change: The 2023-24 May Revision Estimate reflects updated client count data which is anticipated to decrease the 2023-24 estimated savings identified in the 2023-24 November Estimate.

Discretionary: No

Reason for Adjustment/Change:
- Statutory requirement

Fiscal Impact and Fund Source(s): There is no identified impact to 2022-23. Estimated savings for 2023-24 is $23.1 million, with no rebate, for 1,854 clients. The funds impacted are the ADAP Rebate Fund (Fund 3080) and Federal Trust Fund (Fund 0890).

Medi-Cal Expansion: Asset Limit Changes

Background: Due to the passage of AB 133 (Chapter 143, Statutes of 2021), the Medi-Cal asset test will be eliminated for Non-Modified Adjusted Gross Income

(MAGI) Medi-Cal programs in a two-phased approach. The asset test elimination will be phased in over two and a half years.

On July 1, 2022, DHCS increased the asset limit for Non-MAGI Medi-Cal programs to $130,000 per individual, and $65,000 for each additional household member. Phase II, to be implemented no sooner than January 1, 2024, will eliminate the asset test entirely.

Non-MAGI programs generally provide health care for seniors, people with disabilities, and individuals who are in nursing facilities, as well as some other specialty groups. The increased asset limits will allow a larger number of applicants to become eligible for Medi-Cal benefits, and will allow qualified beneficiaries to retain a larger amount of non-exempt assets and still be eligible for Medi-Cal.

Individuals/couples who may be affected include applicants who are over the current asset limit of $2,000 per individual and $3,000 per couple, as well as individuals who are already enrolled in a Non-MAGI program subject to the asset test. These individuals, though already receiving Medi-Cal benefits, will be able to have more assets and remain eligible after implementation.

ADAP has established outreach and communication plans so that clients and enrollment workers are informed of the new Medi-Cal eligibility criteria and that enrollment workers use the updated criteria to confirm ADAP eligibility. For new and existing clients, eligibility is determined at the initial enrollment or re-enrollment.

Increasing the number of clients eligible for Medi-Cal will result in cost savings to ADAP. Clients who are eligible for this expansion who are not deemed full-scope Medi-Cal will be dually enrolled in Medi-Cal and ADAP. ADAP will pay 100 percent of the prescription drug costs for medications on the ADAP formulary up to the client's Medi-Cal SOC amount.

Description of Change: The 2023-24 May Revision Estimate reflects updated client count data which is anticipated to refine the 2022-23 and 2023-24 estimated savings identified in the 2023-24 November Estimate.

Discretionary: No

Reason for Adjustment/Change:

- Statutory requirement

Fiscal Impact and Fund Source(s): Estimated net savings for 2022-23 is $3.7 million ($5.3 million in savings minus $1.6 million in rebate) for 252 clients. Estimated net

savings for 2023-24 is $8.3 million ($11.6 million in savings minus $3.3 million in rebate) for 545 clients. The funds impacted are the Federal Trust Fund (Fund 0890) and ADAP Rebate Fund (Fund 3080).

American Rescue Plan Act (ARPA) Extension through 2025

Background: On August 16, 2022, the Inflation Reduction Act (Act) passed which extends the ARPA through 2025. The Act enhances premium subsidies for individuals through the Affordable Care Act marketplaces such as Covered California. The enhanced subsidies increase the amount of financial help to those who are eligible and will continue to make health coverage more affordable.

The continuation of the federal premium subsidy program has resulted in cost savings for ADAP consistent with the establishment of the program in 2020.

Description of Change: The 2023-24 May Revision Estimate reflects updated client count data which is anticipated to decrease the 2022-23 and 2023-24 estimated savings identified in the 2023-24 November Estimate.

Discretionary: No

Reason for Change/Adjustment:

- Legislative requirement

Fiscal Impact and Fund Source: Estimated savings for 2022-23 is $168,000, with no rebate, for 698 clients. Estimated savings for 2023-24 is $336,000, with no rebate, for 1,395 clients. The funds impacted are the Federal Trust Fund (Fund 0890) and ADAP Rebate Fund (Fund 3080).

Decrease in Federal Funds: 2021 Ryan White Part B Grant Carryover

Background: The HRSA Ryan White Part B grant is a non-competitive grant and the largest of the three federal grants for which ADAP receives funding. Grant funding is appropriated in five, 12-month grant budget periods that run from April 1 to March 31. Within the five-year funding cycle, funding from year to year is provided if the program remains eligible and submits all reporting requirements in a timely manner. 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.

In August 2022, OA closed out the 2021 Ryan White Part B grant. Upon closure of the grant, the amount of unspent funding was determined to be an estimated $5.6 million, for which the ADAP Branch applied. The request for HRSA approval was due August 29, 2022.

On October 25, 2022, OA received the notice of award for carryover in the amount of $5.6 million. Carryover funding will be spent in 2022-23.

Description of Change: Although the October 2022 notice of award for carryover in the amount of $5.6 million was received by OA, $4.97 million has since been confirmed to be ADAP Local Assistance. The remaining $582,000 is designated for the OA Care Branch Minority AIDS Initiative.

Discretionary: Yes

Reason for Change/Adjustment:

- Fully leverage federal funding

Fiscal Impact and Fund Source: Decrease of $582,000 in Local Assistance for 2022-23. The fund impacted is the Federal Trust Fund (Fund 0890).

VI. Expenditure Details

Tables 5 through 10, starting on the next page, break down caseload and expenditures by client group and service type.

TABLE 5: May Revision Caseload and Variable Expenditures; Current Year 2022-23

CLIENT GROUP	CASELOAD		SERVICE TYPE EXPENDITURE			
	NUMBER	PERCENT	MEDICATIONS	INSURANCE PREMIUMS	MED OUT-OF-POCKET COST	TOTAL EXPENDITURE
Medication-Only	9,913	29.9%	$255,816,221	$0	$0	$255,816,221
Medi-Cal SOC	53	0.2%	$395,481	$0	$0	$395,481
Private insurance*	9,893	29.9%	$19,864,858	$61,409,888	$1,704,184	$82,978,930
Medicare*	7,244	21.9%	$18,913,544	$5,543,312	$308,524	$24,765,380
PrEP-AP	6,028	18.2%	$8,382,844	$0	$2,626,185	$11,009,028
SUBTOTAL	**33,132**	**100.0%**	**$303,372,948**	**$66,953,200**	**$4,638,892**	**$374,965,040**
Admin Costs: ADAP	-	-	$395,919	$1,768,236	$926,044	$3,090,199
Admin Costs: PrEP-AP	-	-	$318,741	$0	$302,000	$620,741
Admin Costs: Enrollment	-	-	$0	$0	$0	$7,020,500
HMS	-	-	-$15,424,240	$0	$0	-$15,424,240
TOTAL	**33,132**	**100.0%**	**$288,663,368**	**$68,721,436**	**$5,866,936**	**$370,272,241**

* Subgroup of 11,634 clients receiving assistance for premium payments and medical-out-of-pocket costs.
Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.
Admin Costs are pharmacy, insurance and medical benefits management services.

TABLE 6: 2023-24 Governor's Budget Caseload and Variable Expenditures; Current Year 2022-23

CLIENT GROUP	CASELOAD		SERVICE TYPE EXPENDITURE			
	NUMBER	PERCENT	MEDICATIONS	INSURANCE PREMIUMS	MED OUT-OF-POCKET COST	TOTAL EXPENDITURE
Medication-Only	11,648	32.5%	$313,407,919	$0	$0	$313,407,919
Medi-Cal SOC	90	0.3%	$670,664	$0	$0	$670,664
Private insurance*	10,409	29.1%	$20,898,607	$63,658,420	$2,045,346	$86,602,374
Medicare*	7,350	20.5%	$20,403,590	$5,705,338	$367,118	$26,476,046
PrEP-AP	6,305	17.6%	$7,561,933	$0	$2,609,834	$10,171,767
SUBTOTAL	**35,801**	**100.0%**	**$362,942,713**	**$69,363,759**	**$5,022,299**	**$437,328,771**
Admin Costs: ADAP	-	-	$2,121,727	$2,064,887	$1,178,923	$5,365,537
Admin Costs: PrEP-AP	-	-	$2,429,583	$0	$2,050,433	$4,480,015
Admin Costs: Enrollment	-	-	$0	$0	$0	$7,070,000
HMS	-	-	-$15,723,094	$0	$0	-$15,723,094
TOTAL	**35,801**	**100.0%**	**$351,770,929**	**$71,428,646**	**$8,251,655**	**$438,521,230**

* Subgroup of 12,458 clients receiving assistance for premium payments and medical-out-of-pocket costs.
Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.
Admin Costs are pharmacy, insurance and medical benefits management services.

TABLE 7: Difference Between May Revision and 2023-24 Governor's Budget; Current Year 2022-23

CLIENT GROUP	CASELOAD		SERVICE TYPE EXPENDITURE			
	NUMBER	PERCENT	MEDICATIONS	INSURANCE PREMIUMS	MED OUT-OF-POCKET COST	TOTAL EXPENDITURE
Medication-Only	-1,735	-14.9%	-$57,591,698	$0	$0	-$57,591,698
Medi-Cal SOC	-36	-40.4%	-$275,183	$0	$0	-$275,183
Private insurance*	-515	-5.0%	-$1,033,749	-$2,248,533	-$341,162	-$3,623,444
Medicare*	-106	-1.4%	-$1,490,046	-$162,026	-$58,595	-$1,710,666
PrEP-AP	-277	-4.4%	$820,911	$0	$16,350	$837,261
SUBTOTAL	**-2,669**	**-7.5%**	**-$59,569,766**	**-$2,410,559**	**-$383,406**	**-$62,363,731**
Admin Costs: ADAP	-	-	-$1,725,808	-$296,651	-$252,879	-$2,275,338
Admin Costs: PrEP-AP	-	-	-$2,110,841	$0	-$1,748,433	-$3,859,274
Admin Costs: Enrollment	-	-	$0	$0	$0	-$49,500
HMS	-	-	$298,854	$0	$0	$298,854
TOTAL	**-2,669**	**-7.5%**	**-$63,107,561**	**-$2,707,210**	**-$2,384,718**	**-$68,248,989**

* Subgroup decreased 824 clients receiving assistance for premium payments and medical-out-of-pocket costs.
Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.
Admin Costs are pharmacy, insurance and medical benefits management services.

TABLE 8: May Revision Caseload and Variable Expenditures; Budget Year 2023-24

CLIENT GROUP	CASELOAD		SERVICE TYPE EXPENDITURE			
	NUMBER	PERCENT	MEDICATIONS	INSURANCE PREMIUMS	MED OUT-OF-POCKET COST	TOTAL EXPENDITURE
Medication-Only	9,657	27.5%	$258,436,183	$0	$0	$258,436,183
Medi-Cal SOC	55	0.2%	$407,504	$0	$0	$407,504
Private insurance*	9,901	28.1%	$20,747,878	$60,683,048	$2,176,150	$83,607,076
Medicare*	7,246	20.6%	$19,557,991	$6,768,022	$458,755	$26,784,768
PrEP-AP	8,318	23.6%	$20,123,691	$0	$4,183,516	$24,307,207
SUBTOTAL	**35,179**	**100.0%**	**$319,273,247**	**$67,451,070**	**$6,818,420**	**$393,542,738**
Admin Costs: ADAP	-	-	$435,511	$1,945,060	$1,012,260	$3,392,831
Admin Costs: PrEP-AP	-	-	$3,128,569	$0	$2,964,246	$6,092,815
Admin Costs: Enrollment	-	-	$0	$0	$0	$6,895,450
HMS	-	-	-$13,881,816	$0	$0	-$13,881,816
TOTAL	**35,179**	**100.0%**	**$308,955,512**	**$69,396,130**	**$10,794,926**	**$396,042,018**

* Subgroup of 10,271 clients receiving assistance for premium payments and medical-out-of-pocket costs.
Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.
Admin Costs are pharmacy, insurance and medical benefits management services.

TABLE 9: 2023-24 Governor's Budget Caseload and Variable Expenditures; Budget Year 2023-24

CLIENT GROUP	CASELOAD		SERVICE TYPE EXPENDITURE			
	NUMBER	PERCENT	MEDICATIONS	INSURANCE PREMIUMS	MED OUT-OF-POCKET COST	TOTAL EXPENDITURE
Medication-Only	10,668	29.1%	$299,195,054	$0	$0	$299,195,054
Medi-Cal SOC	90	0.2%	$658,655	$0	$0	$658,655
Private insurance*	10,414	28.4%	$21,572,121	$67,657,462	$2,299,951	$91,529,534
Medicare*	7,351	20.1%	$21,104,436	$7,151,227	$515,234	$28,770,897
PrEP-AP	8,105	22.1%	$8,964,194	$0	$4,269,100	$13,233,295
SUBTOTAL	**36,628**	**100.0%**	**$351,494,460**	**$74,808,689**	**$7,084,285**	**$433,387,434**
Admin Costs: ADAP	-	-	$2,333,900	$2,271,376	$1,219,816	$5,825,091
Admin Costs: PrEP-AP	-	-	$3,319,605	$0	$2,801,562	$6,121,167
Admin Costs: Enrollment	-	-	$0	$0	$0	$6,945,000
HMS	-	-	-$14,150,785	$0	$0	-$14,150,785
TOTAL	**36,628**	**100.0%**	**$342,997,181**	**$77,080,065**	**$11,105,662**	**$438,127,908**

* Subgroup of 12,804 clients receiving assistance for premium payments and medical-out-of-pocket costs.
Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.
Admin Costs are pharmacy, insurance and medical benefits management services.

TABLE 10: Difference Between May Revision and 2023-24 Governor's Budget; Budget Year 2023-24

CLIENT GROUP	CASELOAD		SERVICE TYPE EXPENDITURE			
	NUMBER	PERCENT	MEDICATIONS	INSURANCE PREMIUMS	MED OUT-OF-POCKET COST	TOTAL EXPENDITURE
Medication-Only	-1,010	-9.5%	-$40,758,871	$0	$0	-$40,758,871
Medi-Cal SOC	-35	-38.5%	-$251,151	$0	$0	-$251,151
Private insurance*	-513	-4.9%	-$824,243	-$6,974,414	-$123,801	-$7,922,458
Medicare*	-104	-1.4%	-$1,546,445	-$383,204	-$56,479	-$1,986,128
PrEP-AP	213	2.6%	$11,159,496	$0	-$85,584	$11,073,912
SUBTOTAL	**-1,449**	**-4.0%**	**-$32,221,214**	**-$7,357,618**	**-$265,864**	**-$39,844,696**
Admin Costs: ADAP	-	-	-$1,898,389	-$326,316	-$207,556	-$2,432,261
Admin Costs: PrEP-AP	-	-	-$191,036	$0	$162,684	-$28,352
Admin Costs: Enrollment	-	-	$0	$0	$0	-$49,550
HMS	-	-	$268,969	$0	$0	$268,969
TOTAL	**-1,449**	**-4.0%**	**-$34,041,669**	**-$7,683,934**	**-$310,736**	**-$42,085,890**

* Subgroup decreased 2,533 clients receiving assistance for premium payments and medical-out-of-pocket costs.
Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.
Admin Costs are pharmacy, insurance and medical benefits management services.

a) Medication-Only Clients

1. Medication:
   - 2022-23: Costs are projected to be $255.8 million (Table 5), $57.6 million lower than reported in the 2023-24 Governor's Budget (Table 7). The decrease is driven primarily by monthly caseload, which is projected to be lower than previously estimated.
   - 2023-24: Costs are projected to be $258.4 million (Table 8), $40.8 million lower than reported in the 2023-24 Governor's Budget (Table 10). The decrease is driven primarily by the same factor listed above.
2. Health Insurance Premiums: There are no costs for medication-only clients.
3. Medical Out-Of-Pocket Costs: There are no costs for medication-only clients.

b) Medi-Cal SOC Clients

1. Medication:
   - 2022-23: Costs are projected to be $395,000 (Table 5), $275,000 lower than reported in the 2023-24 Governor's Budget (Table 7). The decrease is driven primarily by monthly caseload and cost per client per month, both of which are projected to be lower than previously estimated.
   - 2023-24: Costs are projected to be $408,000 (Table 8), $251,000 lower than reported in the 2023-24 Governor's Budget (Table 10). The decrease is driven primarily by monthly caseload, which is projected to be lower than previously estimated.
2. Health Insurance Premiums: There are no costs for Medi-Cal SOC clients.
3. Medical Out-Of-Pocket Costs: There are no costs for Medi-Cal SOC clients.

c) Private Insurance Clients

1. Medication:
   - 2022-23: Costs are projected to be $19.9 million (Table 5), $1 million lower than reported in the 2023-24 Governor's Budget (Table 7). The decrease is driven primarily by monthly caseload, which is projected to be lower than previously estimated.
   - 2023-24: Costs are projected to be $20.7 million (Table 8), $824,000 lower than reported in the 2023-24 Governor's Budget (Table 10). The decrease is driven primarily by the same factor listed above.

2. Health Insurance Premiums:
   - 2022-23: Costs are projected to be $61.4 million (Table 5), $2.2 million lower than reported in the 2023-24 Governor's Budget (Table 7). The decrease is driven primarily by monthly premiums and non-Covered California caseload, both of which are projected to be lower than previously estimated.
   - 2023-24: Costs are projected to be $60.7 million (Table 8), $7 million lower than reported in the 2023-24 Governor's Budget (Table 10). The decrease is driven primarily by the same factors listed above.
3. Medical Out-Of-Pocket Costs:
   - 2022-23: Costs are projected to be $1.7 million (Table 5), $341,000 lower than reported in the 2023-24 Governor's Budget (Table 7). The decrease is driven primarily by the cost per medical out-of-pocket benefit service utilization, which is projected to be lower than previously estimated.
   - 2023-24: Costs are projected to be $2.2 million (Table 8), $124,000 lower than reported in the 2023-24 Governor's Budget (Table 10). The decrease is driven primarily by the same factor listed above.

d) Medicare Clients

1. Medication:
   - 2022-23: Costs are projected to be $18.9 million (Table 5), $1.5 million lower than reported in the 2023-24 Governor's Budget (Table 7). The decrease is driven primarily by monthly caseload and cost per client per month, both of which are projected to be lower than previously estimated.
   - 2023-24: Costs are projected to be $19.6 million (Table 8), $1.5 million lower than reported in the 2023-24 Governor's Budget (Table 10). The decrease is driven primarily by the same factors listed above.
2. Health Insurance Premiums:
   - 2022-23: Costs are projected to be $5.5 million (Table 5), $162,000 lower than reported in the 2023-24 Governor's Budget (Table 7). The decrease is driven primarily by clients receiving assistance for premium payments, which is projected to be lower than previously estimated.
   - 2023-24: Costs are projected to be $6.8 million (Table 8), $383,000 lower than reported in the 2023-24 Governor's Budget (Table 10). The decrease is driven primarily by the same factor listed above.
3. Medical Out-Of-Pocket Costs:
   - 2022-23: Costs are projected to be $309,000 (Table 5), $59,000 lower than reported in the 2023-24 Governor's Budget (Table 7). The decrease is driven primarily by clients receiving assistance for medical-out-of-pocket costs, which is projected to be lower than previously estimated.

- 2023-24: Costs are projected to be $459,000 (Table 8), $56,000 lower than reported in the 2023-24 Governor's Budget (Table 10). The decrease is driven primarily by the same factor listed above.

e) PrEP-AP Clients

1. Medication:
   - 2022-23: Costs are projected to be $8.4 million (Table 5), $821,000 higher than reported in the 2023-24 Governor's Budget (Table 7). The increase is driven primarily by uninsured PrEP-AP monthly caseload and cost per client per month, both of which are projected to be higher than previously estimated.
   - 2023-24: Costs are projected to be $20.1 million (Table 8), $11.2 million higher than reported in the 2023-24 Governor's Budget (Table 10). The increase is driven primarily by coverage of the PrEP medication, Cabotegravir (Apretude).
2. Health Insurance Premiums: There are no costs for PrEP-AP clients.
3. Medical Out-Of-Pocket Costs:
   - 2022-23: Costs are projected to be $2.6 million (Table 5), $16,000 higher than reported in the 2023-24 Governor's Budget (Table 7). The increase is driven primarily by uninsured PrEP-AP monthly caseload and cost per client per month, both of which are projected to be higher than previously estimated.
   - 2023-24: Costs are projected to be $4.2 million (Table 8), $86,000 lower than reported in the 2023-24 Governor's Budget (Table 11). The decrease is driven primarily by insured PrEP-AP cost per client per month, which is projected to be lower than previously estimated.

VII. Historical Program Data and Trends

Figures 1 – 3 describe clients served. Enrolled clients who do not incur program costs are excluded.

Figure 1 summarizes ADAP clients served by fiscal year and those also receiving insurance assistance.

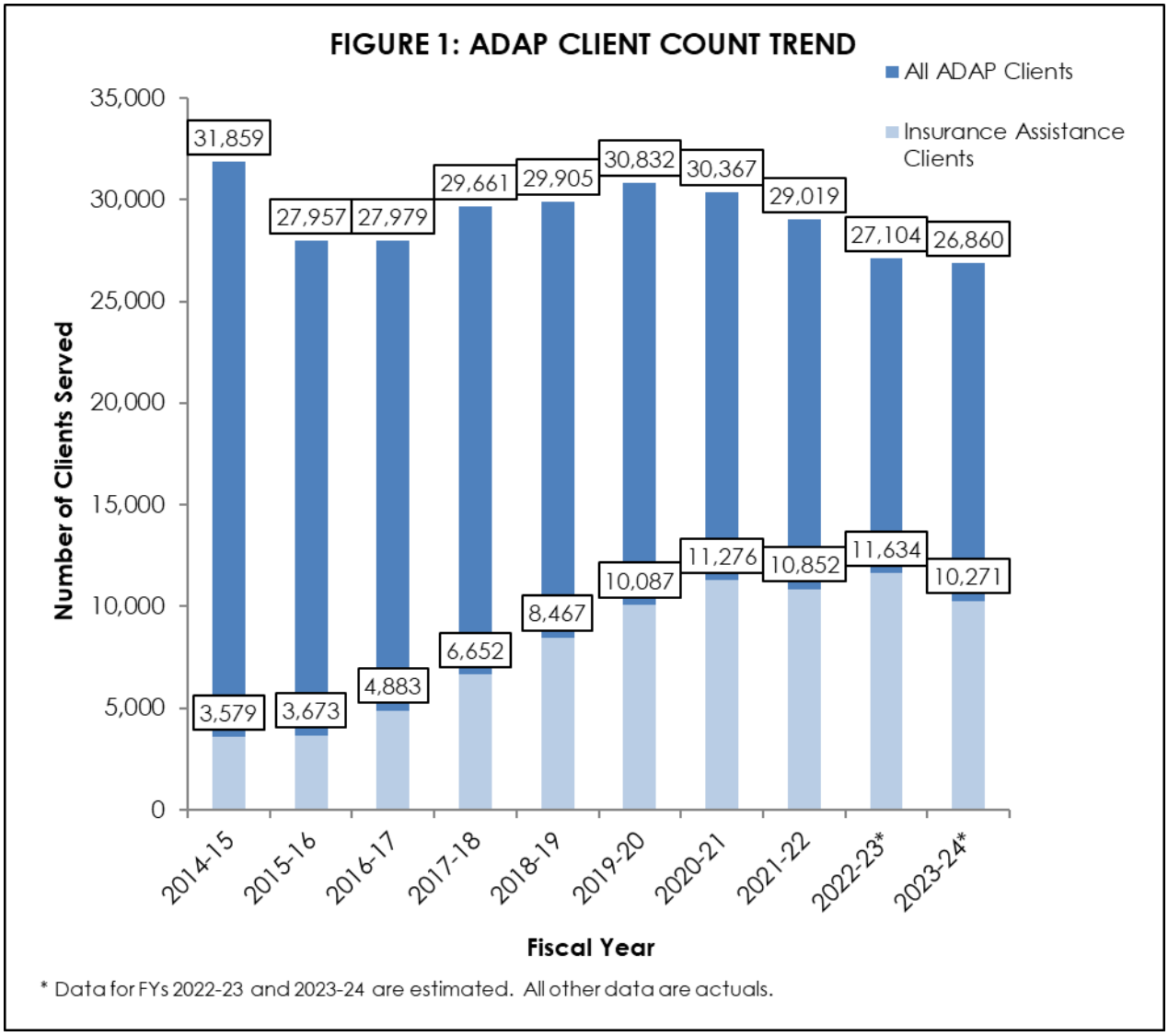
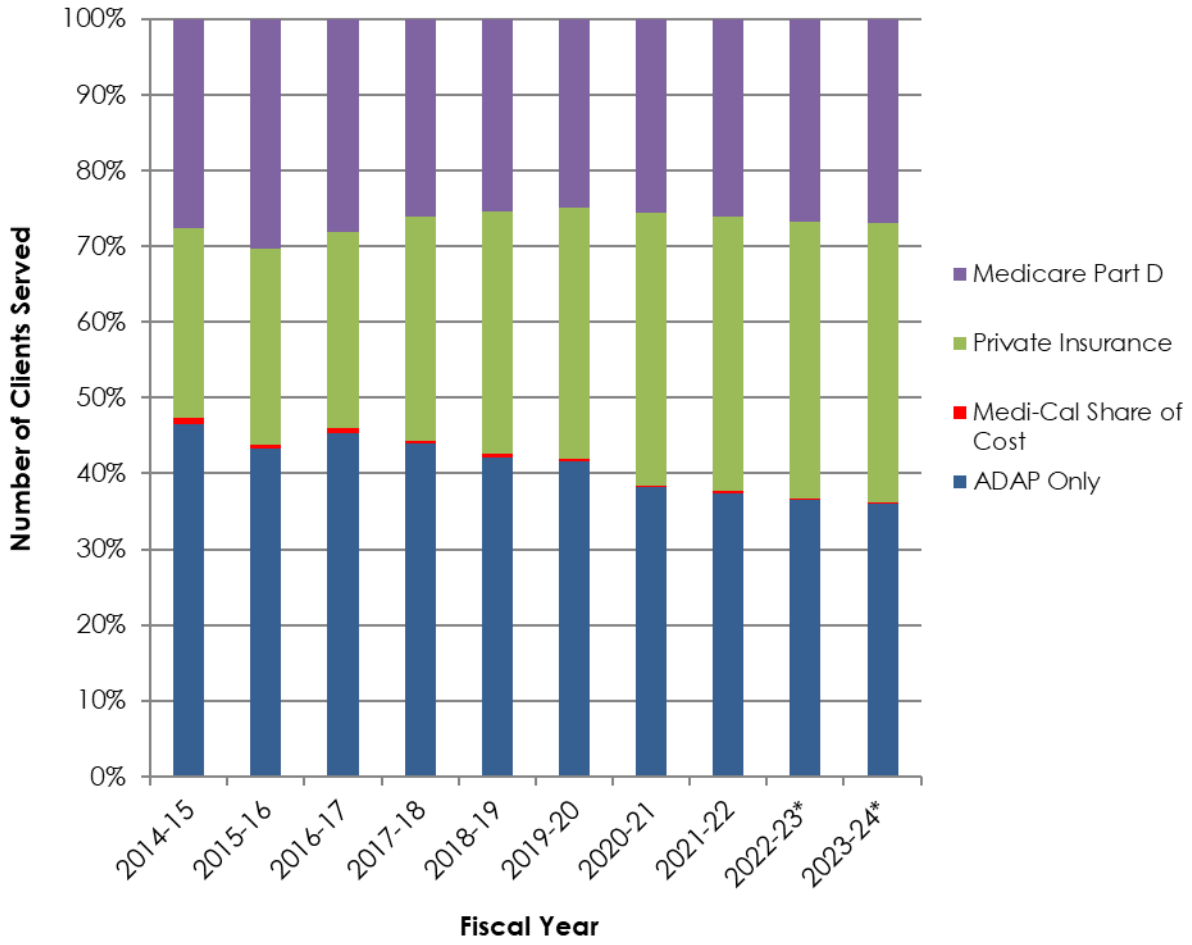


Figure 2 summarizes the proportion of ADAP medication program clients enrolled in the various payer groups by fiscal year.

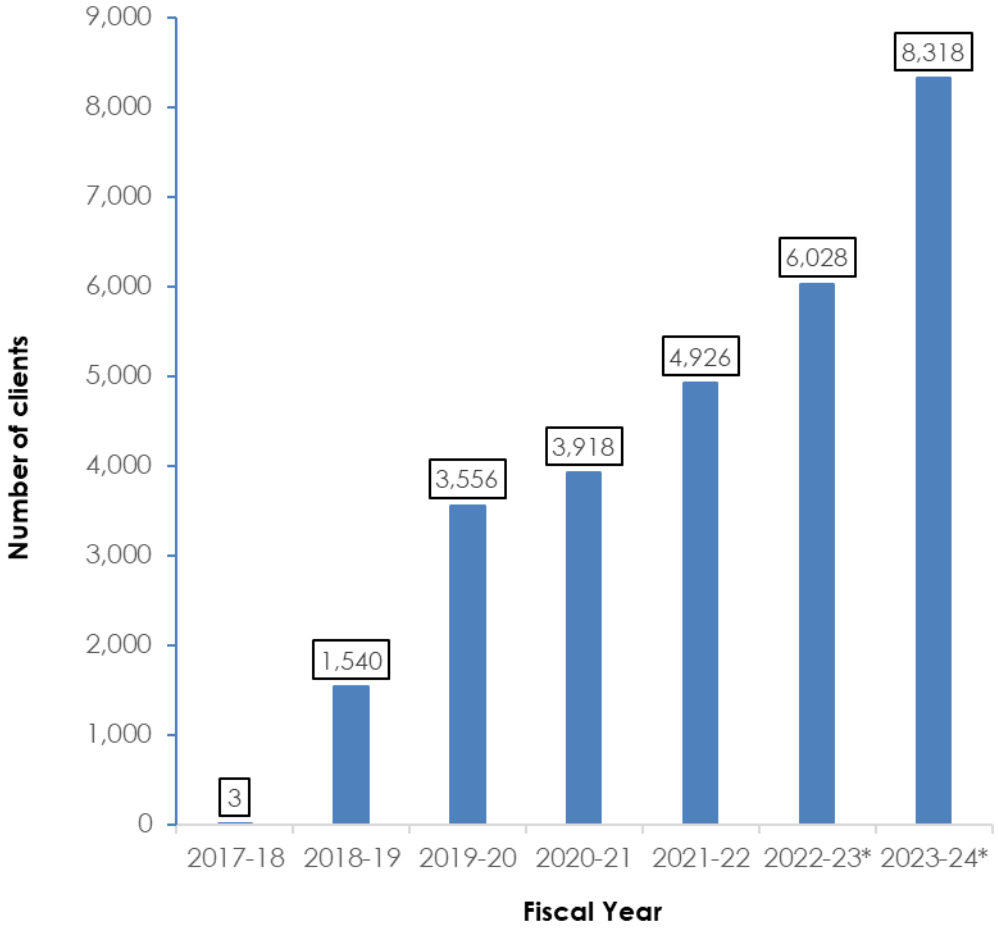
FIGURE 2: PERCENT OF ADAP MEDICATION PROGRAM CLIENTS BY PAYER SOURCE



* Data for FYs 2022-23 and 2023-24 are estimated. All other data are actuals.

Figure 3 summarizes PrEP-AP clients served by fiscal year.

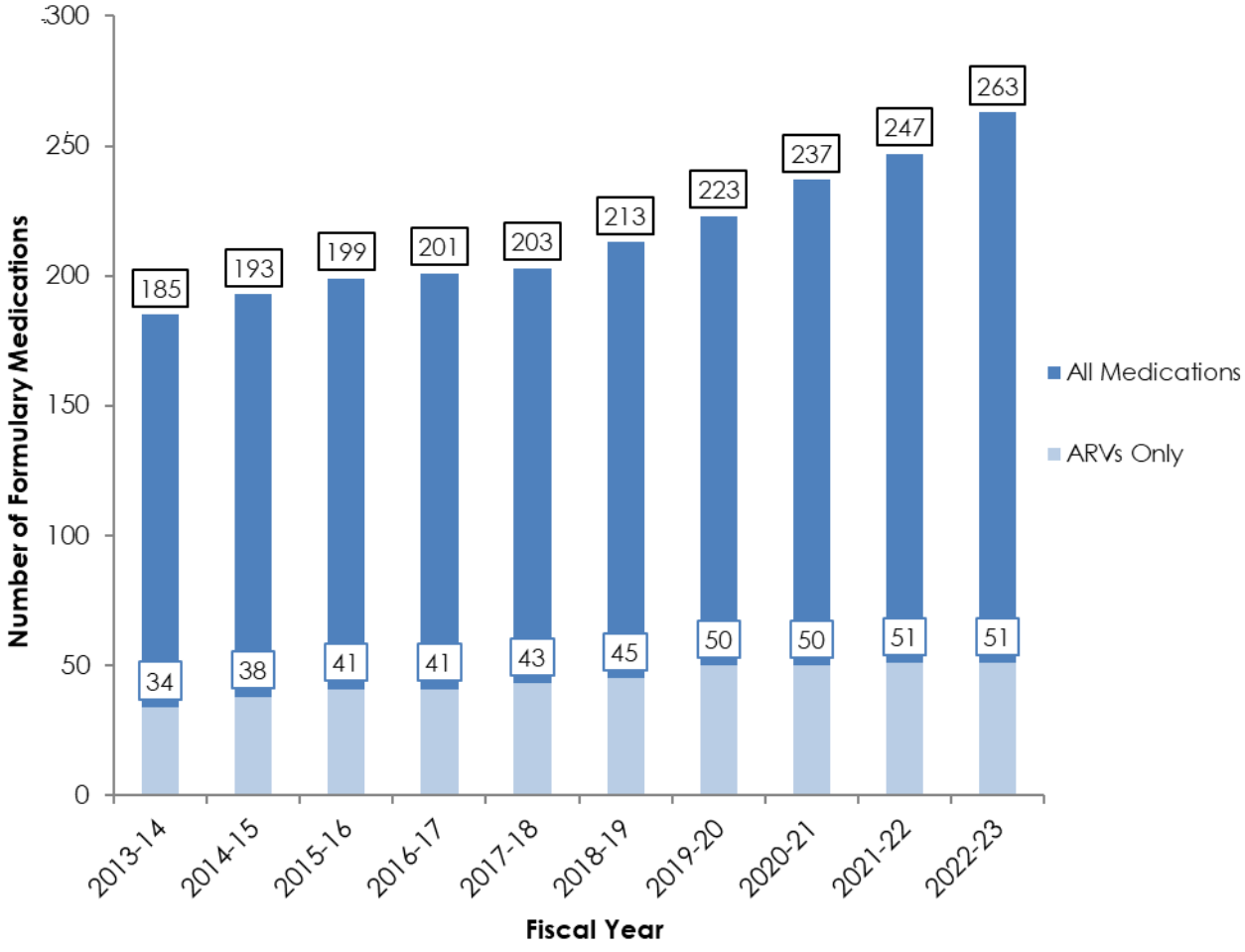
FIGURE 3: ADAP PREP-AP CLIENTS SERVED



* Data for FYs 2022-23 and 2023-24 are estimated. All other data are actuals.

Figure 4 summarizes the number of medications on the ADAP formulary by fiscal year; the number of antiretroviral (ARV) medications is also shown.

FIGURE 4: NUMBER OF MEDICATIONS ON ADAP FORMULARY



Actuals as of February 22, 2023.

Additions to the ADAP Formulary[2]

The following medications were added to the ADAP formulary on:

October 3, 2022:

- Ethinyl Estradiol, non-ARV, contraceptive
- Norethindrone, non-ARV, contraceptive

[2] Cabenuva, an ARV, was added to the ADAP formulary on October 8, 2021, late in the Estimate Package development process. In the 2022-23 November Estimate - Figure 4, Cabenuva was reflected in the ARVs Only category; however, not in the All Medications category. Figure 4 reflects corrected 2021-22 totals.

October 5, 2022:

- Lisinopril, non-ARV, angiotensin-converting enzyme inhibitor
- Benazepril, non-ARV, angiotensin-converting enzyme inhibitor
- Chlorthalidone, non-ARV, thiazide diuretic
- Furosemide (Lasix®), non-ARV, loop diuretic
- Hydrochlorothiazide (HCTZ), non-ARV, thiazide diuretic
- Lisinopril Plus HCTZ (Zestoretic®), non-ARV, angiotensin-converting enzyme inhibitor
- Losartan (Cozaar®), non-ARV, angiotensin II receptor antagonist
- Losartan Plus HCTZ (Hyzaar®), non-ARV, angiotensin II receptor antagonist combined with a thiazide diuretic

October 11, 2022:

- Vaxneuvance (PCV15), non-ARV, pneumococcal 15-valent vaccine
- Prevnar 20 (PCV20), non-ARV, pneumococcal 20-valent vaccine
- PreHevbrio, non-ARV, hepatitis B vaccine

February 10, 2023:

- Aripiprazole (Abilify Maintena®, Aristada®), non-ARV, antipsychotic
- Olanzapine (Zyprexa, Relprevv®), non-ARV, antipsychotic
- Paliperidone (Invega Sustenna®), non-ARV, antipsychotic
- Risperidone (Risperdal Consta®), non-ARV, antipsychotic

February 13, 2023:

- Empagliflozin (Jardiance®), non-ARV, antidiabetic
- Glimepiride (Amaryl®), non-ARV, antidiabetic
- Glipizide/Metformin (Metaglip™), non-ARV, antidiabetic
- Glyburide (DiaBeta®, Glynase®, PresTab®), non-ARV, antidiabetic

Deletions from the ADAP Formulary

The following medications were deleted from the ADAP formulary on January 20, 2023:

- Interferon alfa-2b (Intron®-A), non-ARV, hepatitis
- Interferon alfacon 1 (Infergen®), non-ARV, hepatitis
- Interferon alfa-2a (Roferon®-A), non-ARV, hepatitis
- Ribavirin (Rebetol®), non-ARV, hepatitis
- Ribavirin/Interferon alfa 2b (Rebetron™), non-ARV, hepatitis

VIII. Current HIV Epidemiology in California

Approximately 141,000 people in California at the end of 2021 had been diagnosed with HIV and reported to OA. However, OA estimates that 12 percent of all PWH in California are unaware of their infection. Therefore, OA estimates that there were approximately 160,400 PWH in California as of the end of 2021. Since the epidemic began in 1981, approximately 107,000 Californians diagnosed with HIV have died, with over 2,200 dying in 2021 alone.

Of the approximately 141,000 people living with diagnosed HIV (PLWDH) in California, approximately 39.5 percent are Latinx; 35.3 percent are White; 16.8 percent are Black/African American; 4.4 percent are Asian; 3.7 percent are multi-racial; 0.2 percent are American Indian/Alaskan Native; and 0.2 percent are Native Hawaiian/Pacific Islander. While Latinx and Whites make up the largest percentage of PLWDH in California, the rate of HIV among Blacks/African Americans is substantially higher (1,031.6 per 100,000 population, versus 327.1 per 100,000 among Whites and 352.2 per 100,000 among Latinx).

Most of California's living HIV cases are attributed to male-to-male sexual transmission (66.7 percent); 8.3 percent of living cases are attributable to high-risk heterosexual contact (defined as contact with a sex partner or partners of the opposite gender who are either known to be HIV infected or known to be someone who injects drugs, has hemophilia, or is a man who has sex with other men); 6.2 percent to men who have sex with men who also inject drugs; 5.4 percent to injection drug use; 1.6 percent to transgender sexual contact; 0.5 percent to perinatal exposure; and 11.3 percent to other or unknown sources including other heterosexual contact.

There are approximately 4,400 new HIV cases reported in California each year, which is a revision from the prior year of approximately 4,000 new HIV cases. Please note COVID-19 may have impacted rates of testing as well as reporting completeness in 2020, so apparent declines in new diagnoses may not reflect declines in actual HIV incidence. The number of PWH in the state is expected to grow by two to three percent each year for the foreseeable future until more progress is made in preventing new HIV infections. This increase is attributed to stable incidence rates and longer survival of those infected primarily due to the effectiveness and availability of treatment.