

Fiscal Year (FY) 2023-24 Governor's Budget Talking Points
California Department of Public Health (CDPH), Office of AIDS (OA)

I. Summary/General Fund

CDPH/OA is pleased to announce that the Governor's Budget proposal continues to support California's [Laying a Foundation for Getting to Zero Plan](https://www.cdph.ca.gov/Programs/CID/DOA/CDPH%20Document%20Library/IP_2016_Final_ADA.pdf) (https://www.cdph.ca.gov/Programs/CID/DOA/CDPH%20Document%20Library/IP_2016_Final_ADA.pdf).

The 2023-24 Governor's Budget includes:

- \$6.7 million for FY 2022-23 and FY 2023-24 for the HIV Surveillance program
- \$24.8 million for FY 2022-23, and \$19.2 million for FY 2023-24, for the HIV Prevention program

II. AIDS Drug Assistance Program (ADAP)

A. Funding

ADAP is funded through Federal Trust Fund (Fund 0890) – Federal grants, and the ADAP Rebate Fund (Fund 3080) – Special Fund (pharmaceutical manufacturer rebates).

FY 2022-23 (Current Year, July 1, 2022, through June 30, 2023):

The Budget Act of 2022 included ADAP Local Assistance funding of \$455.1 million, with no state General Fund appropriation. The revised current year 2022-23 budget is \$440.5 million, a decrease of \$14.5 million (3.2 percent) when compared to the Budget Act of 2022. The decrease is driven primarily by lower medication expenditures and premiums for the insured client groups than previously estimated. Changes to ADAP's budget authority, when compared to the Budget Act of 2022, include:

- Increase of \$8.1 million (8.2 percent) in Federal Funds
- Decrease of \$22.7 million (6.4 percent) in ADAP Rebate Funds

FY 2023-24 (Budget Year, July 1, 2023, through June 30, 2024):

Proposed ADAP Local Assistance funding for the budget year is \$440.1 million, with no state General Fund appropriation, a decrease of

\$14.9 million (3.3 percent) when compared to the Budget Act of 2022. The decrease is driven primarily by Medi-Cal Expansions, and the same factors listed above. Changes to ADAP's budget authority, when compared to the Budget Act of 2022, include:

- Increase of \$2.6 million (2.6 percent) in Federal Funds
- Decrease of \$17.5 million (4.9 percent) in ADAP Rebate Funds

The summary of these ADAP funding sources can be seen in Table 1: Local Assistance Budget Authority, of the 2023-24 ADAP November Estimate.

B. ADAP Utilization

In total, 29,019 individuals received ADAP services in FY 2021-22. OA expects total ADAP caseload to increase to 29,496 in FY 2022-23 and decrease to 28,552 in FY 2023-24 (Figure 1, ADAP Client Count Trend, 2023-24 ADAP November Estimate).

C. Pre-Exposure Prophylaxis (PrEP) Assistance Program (PrEP-AP) Utilization

In total, 4,926 individuals received PrEP-AP services in FY 2021-22. OA expects total PrEP-AP caseload to increase to 6,305 in FY 2022-23 and 8,105 in FY 2023-24 (Figure 3, ADAP PrEP-AP Clients Served, 2023-24 ADAP November Estimate).

III. Assumptions with Changes Impacting ADAP's Local Assistance Budget Authority

The text from New and Existing ADAP Assumptions in the 2023-24 ADAP November Estimate appears below.

New Assumptions (5)

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 so that ADAP remains 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.

Description of Change: The Medi-Cal expansion enacted in the Budget Act 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.

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 \$26.1 million for 2,300 clients. The funds impacted are the ADAP Rebate Fund (Fund 3080) and Federal Trust Fund (Fund 0890).

Restore the Covered California State Premium Subsidy

Background: The California Premium Credit Program was a state premium subsidy program implemented through Section 37 of Assembly Bill (AB) 133 (Committee on Budget, Health, Chapter 143, Statutes of 2021), intended to supplement federal subsidies under the American Rescue Plan Act of 2021 through Covered California. The subsidy program was designed as a three-year program, from 2020 through 2022, that would reduce premium costs for most Covered California enrollees.

On August 16, 2022, the Inflation Reduction Act (Act) passed which extends the American Rescue Plan Act 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.

Description of Change: The Act will extend premium subsidies through 2025. Continuing the federal premium subsidy program will result in a cost savings for ADAP consistent with the establishment of the program in 2020.

Discretionary: No

Reason for Change/Adjustment:

- Legislative requirement

Fiscal Impact and Fund Source: Estimated savings for 2022-23 is \$245,000 for 895 clients. Estimated savings for 2023-24 is \$489,000 for 1,791 clients. The funds impacted are the Federal Trust Fund (Fund 0890) and ADAP Rebate Fund (Fund 3080).

Increase in Federal Funds: 2022 Ryan White Part B Supplemental Grant

Background: The Ryan White Part B Supplemental grant develops and/or enhances 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, comorbidities, cost of care, and service needs of emerging populations.

The following table displays historical application amounts for which OA applied, total funds awarded per grant budget period, and total ADAP Local Assistance received per grant budget period.

Table 4: Ryan White Part B Supplemental Funds			
Grant Budget Period	Application Amount	Total Funds Awarded	Total Local Assistance
2018 (09/30/2018 – 09/29/2019)	\$35,000,000	\$23,765,871	\$17,000,000
2019 (09/30/2019 – 09/29/2020)	\$15,000,000	\$6,375,772	\$4,700,000
2020 (09/30/2020 – 09/29/2021)	\$10,000,000	\$2,628,306	\$2,567,306
2021 (09/30/2021 – 09/29/2022)	\$9,000,000	\$1,941,558	\$1,916,558
2022 (09/30/2022 – 09/29/2023)	\$9,000,000	\$2,250,912	\$2,250,912

Description of Change: On May 11, 2022, OA applied for the competitive 2022 Ryan White Part B Supplemental grant. OA requested the maximum amount of \$9 million, all of which is designated for ADAP Local Assistance to be used in 2022-23. On August 24, 2022, OA received the notice of award for the 2022 Ryan White Part B Supplemental grant in the amount of \$2.3 million, all Local Assistance.

Discretionary: Yes

Reason for Change/Adjustment:

- Competitive funding opportunity

- Prior funding does not guarantee funding will be provided in the future

Fiscal Impact and Fund Source: Increase of \$334,000 in Local Assistance for 2022-23 and 2023-24. The fund impacted is the Federal Trust Fund (Fund 0890).

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

Background: The 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 Health Resources and Services Administration (HRSA).

Description of Change: 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.

Discretionary: Yes

Reason for Change/Adjustment:

- Fully leverage federal funding

Fiscal Impact and Fund Source: Increase of \$5.6 million in Local Assistance for 2022-23. The fund impacted is the 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, the Department of Health Care Services (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.

Description of Change: 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 share of cost (SOC) amount.

Discretionary: No

Reason for Adjustment/Change:

- Statutory requirement

Fiscal Impact and Fund Source(s): Estimated savings for 2022-23 is \$3.7 million for 260 clients. Estimated savings for 2023-24 is \$8.4 million for 564 clients. The funds impacted are the Federal Trust Fund (Fund 0890) and ADAP Rebate Fund (Fund 3080).

Existing Assumptions (8)

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

Background: The Budget Act of 2021 (AB 128, Ting, 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).

Description of Change: 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 expects that 50 percent of these clients will begin to transition to Medi-Cal starting in late 2021-22. Those remaining, who are currently and newly eligible, will transition to Medi-Cal throughout 2022-23 and 2023-24.

Discretionary: No

Reason for Adjustment/Change:

- Statutory requirement

Fiscal Impact and Fund Source(s): Estimated savings for 2022-23 is \$26.1 million for 1,038 clients¹. Estimated savings for 2023-24 is \$24.8 million for 986 clients. The funds impacted are the ADAP Rebate Fund (Fund 3080) and Federal Trust Fund (Fund 0890).

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 ensuring 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, ensuring 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 PWH who have been incarcerated. OA determined whether each respective jail would be a suitable

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 1,038 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.

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.

Description of Change: 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. For 2023-24, OA requests 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 is 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.

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 the seven total pilots is \$16.3 million (\$24.1 million expenditures minus \$7.8 million rebate) for 2,187 eligible clients. For 2023-24, the projected net fiscal impact of the ten total pilots is \$13.2 million (\$31.1 million expenditures minus \$17.9 million rebate) for 2,666 eligible clients. The funds impacted are the ADAP Rebate Fund (Fund 3080) and Federal Trust Fund (Fund 0890).

Decrease in Federal Funds: 2022 Ryan White Part B Grant

Background: The 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.

On November 8, 2021, OA applied for the 2022 Ryan White Part B grant, the first year of the newest five-year funding cycle. The total funding requested in the grant application was \$135.8 million, of which \$95 million was designated ADAP Local Assistance. On March 22, 2022, OA received a notice of partial award for the 2022 Ryan White Part B grant in the amount of \$49 million, of which \$34.7 million was ADAP Local Assistance. The 2022-23 May Revision Estimate accounted for the partial award of \$34.7 million.

Description of Change: On June 23, 2022, OA received notice of the remaining award for the 2022 Ryan White Part B grant in the amount of \$89 million, of which \$60.8 million was ADAP Local Assistance. On September 29, 2022, OA fulfilled HRSA's budget revision reporting requirement, which decreased the \$60.8 million to \$58.7 million. In total, the complete award for the 2022 Ryan White Part B grant is \$138 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): Decrease of \$1.6 million in Local Assistance for 2022-23 and 2023-24. The fund impacted is the Federal Trust Fund (Fund 0890).

Increase in Federal Funds: 2022 ADAP Emergency Relief Funds Grant (ADAP Shortfall Relief Grant)

Background: The 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's cost-containment measures include maintaining data match agreements to help ensure ADAP is the payer of last resort.

On October 25, 2021, OA applied for the maximum amount of \$7 million for the competitive 2022 ADAP Emergency Relief Funds grant, all of which was designated ADAP Local Assistance. On February 23, 2022, OA received the notice of award for the 2022 ADAP Emergency Relief Funds grant in the amount of \$2 million (all Local Assistance).

The following table displays the historical grant application amounts for which OA applied, and the total funds awarded per grant budget period, including both the 2022 grant budget period prior award of \$2 million and newest award of \$3.8 million:

Table 5: ADAP Emergency Relief Funds (Shortfall Relief) Grant		
Grant Budget Period	Application Amount	Total Funds Awarded
2018 (04/01/2018 – 03/31/2019)	\$11,000,000	\$11,000,000
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

Description of Change: On June 2, 2022, OA received a notice of award for the 2022 ADAP Emergency Relief Funds grant in the amount of \$3.8 million for the 2022 grant budget period. This award combines \$1.1 million for the 2022 grant budget period, and an unanticipated amount of \$2.7 million from the 2020 grant budget period. The \$3.8 million award and the prior \$2 million received on February 23, 2022, both for the 2022 grant budget period, bring the total funds awarded to \$5.9 million (Table 2).

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 \$544,000 in Local Assistance for 2022-23 and 2023-24. The fund impacted is the 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 to provide services to HIV-negative persons at risk for acquiring HIV. Statutory authority is codified in Health and Safety Code (HSC) section 120972 and allows OA to implement the PrEP-AP to assist both insured and uninsured individuals who meet eligibility requirements. The 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 (Committee on Budget, 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 (PPRI) to avoid confusion with CDPH/OA HIV Prevention Branch PrEP Navigation projects.

Description of Change: Planning and development of a competitive solicitation is underway. Stakeholder engagement was held in early 2022 to assess capability, interest, and need. The solicitation is tentatively planned for release in the fall of 2022 and agreements with approved entities would commence in early 2023.

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): The total estimated costs for 2022-23 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 \$5.8 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 \$409,000 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).

Payment of Medicare Part C Premiums (plus Expansion)

Background: ADAP pays private health insurance premiums and outpatient medical out-of-pocket costs for ADAP clients coenrolled in the Office of AIDS Health Insurance Premium Payment Program (OA-HIPP), Medicare Part D Premium Payment Program (MDPP), and the Employer Based Health Insurance Premium Payment Program (EB-HIPP). When ADAP clients become

eligible for Medicare, they must enroll in Medicare to help ensure ADAP is the payer of last resort. Only clients enrolled in a Medicare Part D health plan may receive insurance premium and outpatient medical out-of-pocket assistance through MDPP; MDPP clients can also request Medicare Supplemental (Medigap) Plan premium assistance. In contrast, clients who enroll in a Medicare Part C plan receive no premium or medical out-of-pocket cost assistance through ADAP, which creates a lack of parity in ADAP's Medicare services.

Medicare Part C, also known as Medicare Advantage, is a bundled insurance plan that includes hospital (Medicare Part A), medical (Medicare Part B) and prescriptions (Medicare Part D). According to HRSA PCN 18-01, Ryan White HIV/AIDS Program grant recipients may use funds to pay premiums and/or cost sharing when the Medicare Part C plan includes prescription drug coverage; or in conjunction with paying for Medicare Part D premiums and cost sharing for plans that do not include prescription drug coverage.

ADAP proposes to use ADAP rebate funds to establish the Medicare Part C Premium Payment Program and pay for Medicare Part C premiums for eligible ADAP clients.

To provide sufficient time for discovery, coordination with ADAP's contractors, and seamless program implementation, OA will start implementing processes for the Medicare Part C Payment Program in 2022-23.

Description of Change: OA met with its contractors in June 2022 to discuss the program implementation processes for the Medicare Part C Payment program. After discussion, January 1, 2023, was identified as a feasible implementation date, refining the initial 2022-23 program implementation date.

Discretionary: Yes

Reason for Adjustment/Change:

- Encourage more ADAP clients to enroll into comprehensive health coverage, which will result in an overall reduction in ADAP expenditures
- Improve the overall health of PWH in California because clients will have comprehensive hospital coverage
- Continue supporting health insurance coverage for ADAP clients as they become eligible for Medicare
- Align Medicare Part C with other health insurance premium payment programs

Fiscal Impact and Fund Source(s): Estimated cost for 2022-23 is \$840,000 for 780 eligible clients. Estimated cost for 2023-24 is \$1.7 million for 799 eligible clients. The fund impacted is the ADAP Rebate Fund (Fund 3080).

Payment of Medicare Part C Medical Out-of-Pocket Costs

Background: In addition to paying private health insurance premiums for ADAP clients coenrolled in the OA-HIPP, EB-HIPP, and MDPP programs, ADAP also pays for outpatient medical out-of-pocket costs. ADAP proposes to pay for outpatient medical out-of-pocket costs for clients coenrolled in the Medicare Part C Premium Payment Program.

HSC section 120955 (i) states that the department may subsidize, using available federal funds and monies from the ADAP rebate fund, costs associated with a health care service plan or health insurance policy, including medical copayments and deductibles for outpatient care, and premiums to purchase or maintain health insurance coverage.

ADAP proposes to use ADAP rebate funds to establish the Medicare Part C Premium Payment Program and pay for Medicare Part C outpatient medical out-of-pocket costs for eligible ADAP clients.

To provide sufficient time for discovery, coordination with ADAP's contractors, and seamless program implementation, OA will start implementing processes for the Medicare Part C Payment Program in 2022-23.

Description of Change: OA met with its contractors in June 2022 to discuss program implementation processes for the Medicare Part C Medical Out-of-Pocket Costs benefit. After discussion, January 1, 2023, was identified as a feasible implementation date, refining the initial 2022-23 program implementation date.

Discretionary: Yes

Reason for Adjustment/Change:

- Establish equitable benefits for ADAP's insurance assistance programs
- Continue supporting health insurance coverage for ADAP clients as they become eligible for Medicare

Fiscal Impact and Fund Source(s): Estimated cost for 2022-23 is \$119,000 for 300 eligible clients. Estimated cost for 2023-24 is \$268,000 for 336 eligible clients. The fund impacted is the ADAP Rebate Fund (Fund 3080).

Medicare Coverage of Extra and Innovative Supplemental Plans

Background: Original Medicare consists of Part A (hospitalization) and Part B (medical insurance). Medicare Part B covers 80 percent of costs that clients incur after meeting their annual deductible. Medicare Supplemental (Medigap) plans assist with the remaining 20 percent of costs.

There are varying levels of coverage for Medicare supplemental plans (A-N), with plans F and G being the most comprehensive. The most comprehensive plans also offer "Extra" or "Innovative" benefits to cover services outside of the base medical coverage. For example, Extra/Innovative plans may cover the costs of hearing aids, vision exams, Silver Sneaker gym memberships, 24/7 nurse consultations, and many other services. Due to various advancements in HIV care and treatment, PWH are living longer. Extra and Innovative plans would be a public health benefit for our aging population by offering services that may mitigate future non-HIV related care. For example, Silver Sneaker gym memberships can decrease social isolation and help improve cardiovascular and bone health.

The MDPP began paying Medicare Part B supplemental medical plan premiums June 1, 2018. Effective July 1, 2020, Senate Bill (SB) 407 (Chapter 549, Statutes of 2019), requires Extra and Innovative benefits to be separated on all Medicare supplemental billing statements. MDPP pays for Medicare Part D premiums, Part B out-of-pocket costs, and the base premium for supplemental plans. Supplemental plans with Extra or Innovative benefits included may have lower total premium costs compared to identical supplemental plans that do not include the additional benefits. Clients are required to cover the nominal costs for Extra or Innovative benefits.

ADAP proposes to use ADAP rebate funds to pay Medicare Part B supplemental plan premiums including the Extra and Innovative benefits.

To provide sufficient time for discovery, coordination with ADAP's contractors, and seamless program implementation, OA will start implementing processes for the coverage of Extra or Innovative benefits in 2022-23.

Description of Change: OA met with its contractors in the summer of 2022 to discuss program implementation processes for the Medicare Coverage of Extra and Innovative Supplemental plan premiums. On August 16, 2022, OA implemented coverage of Extra and Innovative supplemental plans.

Discretionary: Yes

Reason for Adjustment/Change:

- Improve the overall health of PWH in California as additional plan benefits offer a more holistic approach to healthcare
- More plan choices improve access to care
- Continue supporting health insurance coverage for ADAP clients as they become eligible for Medicare

Fiscal Impact and Fund Source(s): Estimated cost for 2022-23 is \$750,000 for 256 eligible clients. Estimated cost for 2023-24 is \$858,000 million for 268 eligible clients. The fund impacted is the ADAP Rebate Fund (Fund 3080).