

Fiscal Year (FY) 2018-19 Governor's Budget
Office of AIDS (OA), California Department of Public Health (CDPH)

Summary

The OA is pleased to announce that the Governor's Budget proposal continues to support California's [Laying a Foundation for Getting to Zero](https://www.cdph.ca.gov/Programs/CID/DOA/CDPH%20Document%20Library/IP_2016_Final.pdf) Plan (https://www.cdph.ca.gov/Programs/CID/DOA/CDPH%20Document%20Library/IP_2016_Final.pdf). Under this budget proposal, the two Office of AIDS (OA) programs that continue to receive state General Fund for local assistance are the HIV Surveillance and Prevention programs. Both the \$6.7 million in General Fund local assistance for the Surveillance program and the \$7.5 million in General Fund local assistance for the Prevention remain unchanged from the 2017 Budget Act. The budget includes two new changes related to the AIDS Drug Assistance Program (ADAP):

- The ADAP Eligibility and Enrollment Budget Change Proposal requests \$250,000 in ADAP Rebate Fund expenditure authority to support two administratively established positions for FY 2017-18 and \$2.7 million in FY 2018-19 and ongoing for 15 permanent positions to manage the increased workload involved in transitioning ADAP eligibility and enrollment services to CDPH/OA.
- The ADAP Estimate proposes an increase in funding to ADAP Enrollment Sites (details below).

ADAP Detail*Funding*

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

FY 2017-18 (current year, through June 30, 2018):

The 2017 Budget Act included ADAP local assistance funding of \$395.7 million, with no state General Fund appropriation. The revised current year 2017-18 budget is \$398.1 million, an increase of \$2.4 million (0.6 percent) when compared to the 2017 Budget Act. The increase is mainly due to a one-time need for system enhancements to CDPH's Insurance Benefits Manager and Medical Benefits Manager platform. Changes to ADAP's budget authority when compared to the 2017 Budget Act include:

- No increase in Federal Funds.
- Increase of \$2.4 million in ADAP Rebate Funds.

The revised current year budget does not contain a General Fund appropriation or any cuts to services. ADAP requests an increase of \$2.4 million in ADAP Rebate Fund expenditure authority when compared to the 2017 Budget Act.

FY 2018-19 (budget year, starting July 1, 2018):

Proposed ADAP local assistance funding for the budget year is \$434.4 million, an increase of \$38.7 million (9.8 percent) when compared to the 2017 Budget Act, and an increase of \$36.3 million when compared to the revised current year 2017-18 estimate. The increase is mainly due to an increase in overall caseload and in medication expenditures per client per month. Changes to ADAP's budget authority when compared to the 2017 Budget Act include:

- Increase of \$21 million in Federal Funds.
- Increase of \$17.7 million in ADAP Rebate Funds.

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

ADAP Utilization

Approximately 27,979 individuals received ADAP services in FY 2016-17. It is estimated that 29,562 individuals will receive services in FY 2017-18 and 30,905 individuals will receive services in FY 2018-19 (see Figure 1, ADAP Client Count Trend on page 22, ADAP Estimate).

Policy Changes

There is one new ADAP policy change included in the 2018-19 Governor's Budget:

Increase in Funding to ADAP Enrollment Sites

Effective July 1, 2016, CDPH began contracting directly with ADAP enrollment sites to allocate \$4 million annually according to a reimbursement model based on services performed. The 2017 Budget Act included a one-time legislative augmentation of an additional \$4 million for enrollment sites, for a total of \$8 million in FY 2017-18. Tasks performed by ADAP enrollment workers have grown in both scope and complexity. Starting in FY 2018-19, CDPH proposes moving to a model in which the total amount of funds for ADAP enrollment services performed is adjusted annually through the Estimate process based on caseload and estimated services to be performed each FY. For FY 2018-19, CDPH projects enrollment costs of \$7.99 million. In order to ensure that this on-going increase in funding to ADAP enrollment sites results in improved client outcomes and cost neutrality, CDPH plans to include performance measures in existing ADAP enrollment site contracts to ensure enrollment sites use the additional

funding to transition an increased number of medication-only clients into private insurance and OA-HIPP and meet defined metrics, such as improvement in viral suppression rates at each enrollment site. The additional enrollment costs will be offset by cost savings resulting from an additional 351 ADAP clients (approximately 2 clients per enrollment site) transitioning to private insurance. CDPH proposes to maintain the newly established reimbursement model in FY 2018-19 to incorporate new services integral to meeting objectives in California's *Laying a Foundation for Getting to Zero* plan, with the exception of payment for medical out-of-pocket cost claim submissions, as it is anticipated this workload will drastically decrease or be eliminated with the onboarding of a medical claims clearinghouse.

There are also two unchanged ADAP policies included in the 2018-19 Governor's Budget:

PrEP Assistance Program CDPH is pursuing a phased implementation approach that will prioritize the uninsured population in Phase 1 and will expand to cover insured individuals in Phase 2. Phase 1 is projected to be implemented in early 2018, while Phase 2 will be implemented in Spring 2018. CDPH will incur one-time implementation costs of \$354,638 in FY 2017-18 for system modifications to accommodate the service enhancements.

In FY 2017-18, CDPH anticipates adding 333 clients to the PrEP Assistance Program resulting in \$162,000 in PrEP-related expenditures. Of the 333 projected clients, CDPH projects that there will be a 60-40 split between uninsured and insured clients.

In FY 2018-19, CDPH anticipates serving 1,533 PrEP Assistance Program clients resulting in \$2.1 million in PrEP-related expenditures.

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

CDPH will start implementing processes for enrolling individuals with employer based insurance into OA-HIPP in early 2018.

CDPH expects to start implementing the payment of Medicare Part B outpatient medical out-of-pocket costs or Medigap premiums for Medicare Part D Premium Payment Program clients in the spring of 2018.

CDPH will incur one-time implementation costs in FY 2017-18 for system modifications to accommodate the service enhancements. Modifications to process clients with employer based insurance is projected to cost \$198,706 and modifications to process clients with Medicare Part D is projected to cost \$81,325.

For FY 2017-18, CDPH projects 178 clients with employer-based insurance will enroll in OA-HIPP, resulting in \$54,199 in expenditures. CDPH projects 637 clients will enroll in FY 2018-19, resulting in \$793,637 in expenditures.

For FY 2017-18, CDPH projects 44 clients co-enrolled in the Medicare Part D Premium Assistance Program will receive benefits associated with Medicare Part B medical out-of-costs or Medigap premiums, resulting in \$12,962 in expenditures. For FY 2018-19, ADAP projects 297 clients will receive benefits associated with Medicare Part B medical out-of-pocket costs or Medigap premiums, resulting in \$483,187 in expenditures.