Fiscal Year (FY) 2021-22 Governor's Budget
Office of AIDS (OA), California Department of Public Health (Public Health)

Summary/General Fund

The California Department of Public Health (Public Health)/Office of AIDS (OA) is pleased to announce that the Governor's Budget proposal continues to support California's *Laying a Foundation for Getting to Zero* Plan (https://www.cdph.ca.gov/Programs/CID/DOA/CDPH%20Document%20Library/IP_2016_Final_ADA.pdf). The 2021-22 Governor's Budget includes $6.7 million for the HIV Surveillance program for Fiscal Year (FY) 2020-21 and FY 2021-22, and includes $24.6 million for the HIV Prevention program for FY 2020-21 and FY 2021-22.

AIDS Drug Assistance Program (ADAP) Detail

Funding

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

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

The 2020 Budget Act included ADAP Local Assistance funding of $438.3 million, with no state General Fund appropriation. The revised current year 2020-21 budget is $467.3 million, an increase of $29 million (6.6 percent) when compared to the 2020 Budget Act. The net increase is primarily due to an increase in projected medication expenditures. Changes to ADAP's budget authority when compared to the 2020 Budget Act include:

- Increase of $344,000 in Federal Funds.
- Increase of $28.7 million in ADAP Rebate Funds.

FY 2021-22 (Budget Year, July 1, 2021 through June 30, 2022):

Proposed ADAP Local Assistance funding for the budget year is $503.4 million, with no state General Fund appropriation, an increase of $65.1 million (14.9 percent) when compared to the 2020 Budget Act. The net increase is primarily due to an increase in projected medication and insurance premium expenditures. Changes to ADAP's budget authority when compared to the 2020 Budget Act include:

- Decrease of $3.5 million in Federal Funds.
- Increase of $68.6 million in ADAP Rebate Funds.

The summary of these ADAP funding sources can be seen in Table 1 on page 4 of the 2021-22 ADAP November Estimate.

ADAP Utilization

Approximately 30,832 individuals received ADAP services in FY 2019-20. It is estimated that 31,408 individuals will receive services in FY 2020-21 and 31,734 individuals will receive services in FY 2021-22 (see Figure 1, ADAP Client Count Trend on page 24 of the 2021-22 ADAP November Estimate).

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

Approximately 3,559 individuals received PrEP-AP services in FY 2019-20. It is estimated that 3,325 individuals will receive services in FY 2020-21 and 3,430 individuals will receive services in FY 2021-22 (see Figure 3, ADAP PrEP-AP Clients Served on page 26 of the 2021-22 ADAP November Estimate).

Policy Changes (Assumptions)

New and Existing ADAP Policy Changes (Assumptions) included in the 2021-22 November Estimate, which have an impact on ADAP's current budget year Local Assistance budget authority:

New Assumptions

U.S. Preventive Services Task Force's "A" Grade Recommendation on PrEP for Persons at High Risk of HIV Acquisition

Background: On June 11, 2019, the United States Preventive Services Task Force (USPSTF) issued a final recommendation of an "A" grade for PrEP for persons who are at high risk of HIV acquisition. The USPSTF makes recommendations about the effectiveness of specific preventive care services for patients without obvious related signs or symptoms. The Patient Protection and Affordable Care Act states a medical insurer must cover and may not impose any cost sharing requirement for any evidence-based preventive items or services that have a grade of "A" or "B" in the current USPSTF recommendations. Federal regulations require plans and issuers to provide coverage for new recommended preventive services for plan/policy years beginning on or after the date that is one year from the date the relevant recommendation or guideline is issued. For most insurers, this date will be January 2021.

With exceptions for certain religious employers, coverage requirements apply to all private plans – including individual, small group, large group, and self-insured plans in which employers contract administrative services to a third party payer – with the

exception of those plans that maintain "grandfathered" status. In order to have been classified as "grandfathered," plans must have been in existence prior to March 23, 2010, and cannot make significant changes to their coverage (for example, increasing patient cost-sharing, cutting benefits or reducing employer contributions).

Insured PrEP-AP clients were previously required to enroll into Gilead's Co-payment Assistance Program to receive co-pay assistance with Truvada™ and Descovy™ as many health plans did not cover PrEP as a preventative service. In response to USPSTF's recommendation, the PrEP-AP has changed its policy and does not require clients to enroll into Gilead's Co-payment Assistance Program as the client's health plan will cover the cost of PrEP effective June 11, 2020, unless the health plan has yet to implement USPSTF's recommendation. If the client's health plan has yet to implement USPSTF's recommendation, the client will be required to enroll into Gilead's Co-payment Assistance Program. Clients with private insurance enrolled in Gilead's Co-payment Assistance Program are eligible for PrEP medication co-payment assistance of $7,200 per calendar year. After this threshold has been met, the PrEP-AP provides wrap-around coverage for any remaining PrEP medication co-payments for the remainder of the calendar year.

Description of Change: The elimination of a cost-sharing requirement for PrEP because of the USPSTF's "A" grade recommendation will alleviate some of the financial burden on PrEP-AP for insured clients whose health plan has implemented the USPSTF recommendation. OA reached out to several large health plans regarding USPSTF's recommendation and their associated go live date information is listed below:

- Blue Shield of California - Renewing group plans, will have this benefit added as of July 1, 2020. Clients with individual and family plans will have this benefit added effective January 1, 2021.
- Kaiser Permanente - Go live July 1, 2020, with $0 cost share for Affordable Care Act compliant plans, which includes both Covered California and individual and family off exchange plans.
- Health Net - As individual members or groups re-new health coverage after June 11, 2020, this benefit will be added. All members should have this added benefit by January 1, 2021.

While several health plans will implement the recommendation July 1, 2020, other health plans are not implementing until January 1, 2021.

Discretionary: No

Reason for Adjustment/Change:
- USPSTF "A" grade recommendation.
- Federal and State legislative requirements.

Fiscal Impact and Fund Source(s): Estimated savings for 2020-21 is $1.1 million from an estimated 1,665 insured PrEP-AP clients. Estimated savings for 2021-22 is $3.1 million from an estimated 2,409 insured PrEP-AP clients. The fund impacted is the ADAP Rebate Fund (Fund 3080).

Decrease in Federal Funds: 2020 Ryan White Part B Grant

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

In November 2019, OA applied for the 2020 Ryan White Part B grant, the fourth year of the latest five-year funding cycle. The funding requested in the grant application totaled $139 million of which $104.1 million was requested for the ADAP Branch and $34.9 million was requested for the HIV Care Branch.

Description of Change: In March 2020, OA received the notice of award for the 2020 Ryan White Part B grant. The total award received was $137.2 million, $1.8 million below what OA applied for. The ADAP Branch received $102.2 million, a reduction of $1.9 million in funding ($1.3 million in Local Assistance and $600,000 in State Operations), and the HIV Care Branch received $35 million, an increase of $100,000 in funding. The $100,000 increase figure stated is rounded. The actual figure is $104,849 and is broken down $62,754 State Operations and $42,095 Local Assistance. The $100,000 increase for the HIV Care Branch has no bearing on figures reported in the Estimate and does not affect the ADAP Branch.

Discretionary: Yes

Reason for Adjustment/Change:

- Unanticipated funding change.

Fiscal Impact and Fund Source(s): Decrease of $1.3 million in Local Assistance for 2020-21 and 2021-22. The fund impacted is the Federal Trust Fund (Fund 0890).

Decrease in Federal Funds: 2020 Ryan White Part B Supplemental Grant

Background: In March 2020, HRSA released a notice of funding opportunity for the 2020 Ryan White Part B Supplemental Grant. Approximately $60 million has been made available nationwide through the 2020 Ryan White Part B Supplemental grant, but the ceiling amount that each applicant can apply for is $10 million. The purpose of

the Ryan White Part B Supplemental grant is to develop and/or enhance access to a comprehensive continuum of high quality care and treatment services for low-income individuals living with HIV. The amount of each award is based on submitted data demonstrating the severity of the HIV epidemic in the applicant's state/territory, co-morbidities, cost of care and service needs of emerging populations. The grant is shared between OA's HIV Care Branch and ADAP Branch.

The table below displays Ryan White Part B Supplemental grant funds applied for and funds received by grant budget period.

Table 5: Ryan White Part B Supplemental Funds		
Grant Budget Period	Application(s)	Funds Received
2016 (09/30/2016 – 09/29/2017)	$18,700,000	$18,700,000*
2017 (09/30/2017 – 09/29/2018)	$35,000,000	$35,000,000**
2018 (09/30/2018 – 09/29/2019)	$35,000,000	$23,766,000***
2019 (09/30/2019 – 09/29/2020)	$15,000,000	$6,376,000****
2020 (09/30/2020 – 09/29/2021)	$10,000,000	$2,628,306*****

***Includes $8.7 million for HIV Care Branch and $10 million for ADAP.**
****Includes $10 million for HIV Care Branch and $25 million for ADAP.**
*****Includes $6.8 million for HIV Care Branch and $17 million for ADAP.**
******Includes $1.7 million for HIV Care Branch and $4.7 million for ADAP.**
*******Includes $61,000 for HIV Care Branch and $2.5 million for ADAP.**

Description of Change: In May 2020, OA applied for the competitive 2020 Ryan White Part B Supplemental grant. OA requested the maximum amount of $10 million with $7.5 million specifically for ADAP to be used in 2020-21. On August 21, 2020, OA received the notice of award for the 2020 Ryan White Part B Supplemental grant in the amount of $2.6 million, which is $7.4 million less than what was applied for. $61,000 will go to the HIV Care Branch and $2.5 million will go to the ADAP Branch for medication expenditures.

Discretionary: Yes

Reason for Adjustment/Change:

- The Ryan White Part B Supplemental grant is a competitive funding opportunity.
- Prior funding does not guarantee that funding will be provided in the future.

Fiscal Impact and Fund Source(s): Decrease of $2.1 million Local Assistance in 2020-21 and 2021-22. The fund impacted is the Federal Trust Fund (Fund 0890).

Increase in Federal Funds: 2019 Ryan White Part B Grant Carryover

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

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. OA can generally determine how carryover funding is utilized with the exception of MAI funding, which must be utilized solely by the HIV Care Branch. Carryover funding from the Base and the ADAP Earmark are always utilized by the ADAP Branch due to administrative limitations that prevent the HIV Care Branch from timely utilization of carryover funds as carryover funding must be expended by March 31 of any given year.

On August 28, 2020, OA finalized closing the 2019 Ryan White Part B grant with HRSA and applied for carryover funding. Upon closure of the grant there remained $3.9 million in unspent funding, of which ADAP Branch applied for in carryover $3.8 million and the HIV Care Branch applied for $96,000.

Description of Change: On November 23, 2020, OA received a notice of award for the full $3.9 million that was requested in unspent funding. ADAP Branch's portion of this award is $3.8 million.

Discretionary: Yes

Reason for Adjustment/Change:

- Fully leverage federal funding.

Fiscal Impact and Fund Source(s): Increase of $3.8 million Local Assistance in FY 2020-21. The fund impacted is the Federal Trust Fund (Fund 0890).

Existing Assumptions

There are no existing Assumptions.