

Fiscal Year 2021-22 May Revision
California Department of Public Health, Office of AIDS

Summary/General Fund

The California Department of Public Health (Public Health)/Office of AIDS (OA) is pleased to announce the May Revision 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 2021-22 May Revision 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 2021 Governor's Budget included ADAP Local Assistance funding of \$467.3 million, with no state General Fund appropriation. The revised current year 2020-21 budget is \$455.5 million, a decrease of \$11.9 million (2.5 percent) when compared to the 2021 Governor's Budget. The decrease is primarily due to lower projected medication-only caseload and associated medication expenditures. Changes to ADAP's budget authority when compared to the 2021 Governor's Budget include:

- Increase of \$3.8 million in Federal Funds.¹
- Decrease of \$15.7 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 \$489.5 million, with no state General Fund appropriation, a decrease of \$13.9 million

¹ \$3.8 million not reflected in Governor's Budget display due to timing of receipt from the Health Resources & Services Administration (HRSA).

(2.8 percent) when compared to the 2021 Governor's Budget. The decrease is primarily due to lower projected medication-only caseload and associated medication expenditures. Changes to ADAP's budget authority when compared to the 2021 Governor's Budget include:

- No change in Federal Funds.
- Decrease of \$13.9 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 May Revision Estimate.

ADAP Utilization

In total, 30,832 individuals received ADAP services in FY 2019-20. It is estimated 30,072 individuals will receive services in FY 2020-21, and 30,386 individuals will receive services in FY 2021-22 (see Figure 1, ADAP Client Count Trend on page 27 of the 2021-22 ADAP May Revision Estimate).

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

In total, 3,559 individuals received PrEP-AP services in FY 2019-20. It is estimated 4,090 individuals will receive services in FY 2020-21, and 4,768 individuals will receive services in FY 2021-22 (see Figure 3, ADAP PrEP-AP Clients Served on page 29 of the 2021-22 ADAP May Revision Estimate).

Policy Changes (Assumptions)

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

New 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, the HRSA released Policy Clarification Notice (PCN) 18-02, which permitted the use of HRSA funds for individuals who are currently detained in a county jail and are not yet convicted of a crime or are not covered by federal or state health benefits during the period of incarceration. Subsequent to the PCN release, Orange County requested that CDPH provide ADAP services at their county jail. The provision of ADAP support services for those not covered by federal or state health benefits expands outreach to a vulnerable population while ensuring continuity of care as clients navigate the judicial

system. Upon incarceration, clients will be able to enroll via a certified enrollment worker from the county jail that has been approved as an enrollment site. The enrollment worker will have to confirm the client meets eligibility requirements and warrant that all required documents to substantiate eligibility are submitted. The client and the enrollment worker must complete an ADAP application via the ADAP Enrollment System (AES) and upload the required forms into the system. New and existing clients will be able to access medication at the jail pharmacy thus maximizing potential adherence to medicinal regimens. Additionally, clients who are scheduled for release can be provided a prescription refill allowing them access to medication as they transfer from incarceration to a more traditional enrollment site.

Description of Change: In response to Orange County's request, OA has initiated a pilot program with their county jail. OA, in coordination with the Department of Finance, may consider expanding the pilot program in the future to other interested county jails after careful consideration of the impact to the ADAP Rebate Fund both in the short and long term. If this assumption is approved, the Orange County pilot program will continue through FY 2021-22 and no additional counties will be added to the pilot program.

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): The projected net fiscal impact of the pilot with Orange County in 2020-21 is \$881,000 (\$1.1 million expenditures minus \$216,000 rebate) from serving 100 eligible clients. For 2021-22, the net fiscal impact of the Orange County pilot is \$1.9 million from serving 175 eligible clients (\$3.4 million expenditures minus \$1.4 million rebate). The funds impacted is the ADAP Rebate Fund (Fund 3080) and the Federal Trust Fund (Fund 0890).

Existing 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 was implemented January 1, 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 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 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 did not 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. Several large health plans such as Blue Shield of California, Kaiser Permanente, and Health Net partially implemented USPSTF’s recommendation on July 1, 2020, while all health plans regulated by the Department of Insurance and Department of Managed Health Care implemented the recommendation on January 1, 2021. The slower than expected USPSTF implementation kept caseload higher than previously projected.

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 \$2.2 million for 1,466 fewer insured PrEP-AP clients. Estimated savings for 2021-22 is \$3.3 million for 2,129 fewer insured PrEP-AP clients. The fund impacted is the ADAP Rebate Fund (Fund 3080).