



LOS ANGELES COUNTY COMMISSION ON HIV

STATE
BUDGET CUTS
BRIEF #1
May 21, 2009

Governor Proposes Elimination of General Funds to State Office of AIDS

Health and Human Service Cuts Proposed

On May 21, 2009, Governor Schwarzenegger's administration released tentative plans for \$5.5 billion in new cuts to health and human service programs. These plans include severe cuts to HIV services.

Although the formal proposal is not expected to be released until May 26th, preliminary reports indicate that the Governor plans to eliminate all state general fund support to the Office of AIDS.

Removing general fund support to the State Office of AIDS would eliminate over \$160 million in support for services such as:

- AIDS Drug Assistance Program (ADAP),
- HIV counseling and testing,
- HIV education and prevention,
- Early Intervention Programs (EIPs),
- Therapeutic Monitoring Program (TMP)
- HIV surveillance,
- Home and community based care programs,
- Housing programs, and
- CARE/Health Insurance Premium Payments (CARE/HIPP)

Further Ramifications from the Cuts

These cuts further jeopardize direct services for Californians living with HIV because they remove the Office of AIDS' ability to meet the federal government's fiscal requirements. These requirements [variously called "Maintenance of Effort (MOE)" and/or "matching"] mandate that the State contribute a portion of its funds to be eligible for federal funding.

The Governor's plan would result in the State losing a portion, if not all, of its federal Ryan White HIV Program and CDC grants. The cuts would also impact local jurisdictions: without surveillance, the HIV case reports upon which local Ryan White grants are based would not be reported. Additionally, the State Office of AIDS currently funds many local EIPs, home and community-based care programs.

If the Governor ultimately includes this plan in a formal proposal and the Legislature approves the proposal, Californians living with HIV/AIDS will no longer have access to many life-sustaining programs and services, including ADAP!

THE TIME TO ACT IS NOW!!!

ADAP Funding and Ramifications

Following is an illustration of how the Governor's plan jeopardizes the AIDS Drug Assistance Program (ADAP):

California's ADAP is funded by three main sources:

- 1) \$96,349,000 in State General Funds—*that qualifies the State for:*
- 2) \$88,446,000 Federal Ryan White Part B funds—*that are used to purchase drugs that qualify for:*
- 3) \$233,303,000 in Special Rebate Funds (pharmaceutical manufacturers pay ADAP a rebate on drugs that the program purchases)—*that are used for further drug purchases.*

**Total FY 2009-2010 ADAP budget =
\$418,098,000**

Under the Governor's plan, the state would eliminate:

- 1) The total General Fund contribution to ADAP. Eliminating the General Fund contribution would violate:
- 2) The Federal Government's requirements for the State's ADAP contribution, jeopardizing ADAP's Federal Ryan White funds.
- 3) Without the State and Federal dollars to purchase medications, ADAP will no longer generate rebate and the Special Rebate Fund will dry-up, and the program could eventually cease to exist.

Further, the loss of Federal Ryan White funding would lead to the elimination of other programs that Californians with HIV/AIDS depend on such as home and community based care and TMP.

NOT the Answer

California's budget is in crisis, but the State budget cannot be balanced on the backs of those who can least afford it, and with proposals that only harm the State more.

Californians with HIV/AIDS are already suffering from current and proposed cuts to Medi-Cal, Social Security and other public benefits programs. They are the least able to shoulder the burden of even further service reductions. Approximately 35,000 Californians rely on ADAP as the primary source of costly HIV medications, which the State (due to rebates) can get at reduced rates for which individual patients and health systems do not qualify.

Due to the economic crisis, hundreds of people with HIV/AIDS throughout the State who have never used public benefits have already had to turn to these and similar programs for services. These cuts will push even more people into public care with nowhere to get it.

These proposals not only dismantle programs on whose lives people with HIV/AIDS depend, but will undermine the ability of local jurisdictions to secure other funding and will overwhelm local health care systems.

What Can You Do?

Contact your representatives and let them know how these cuts will impact you:

- The Governor is proposing the cuts;
- The State Assembly and State Senate must approve the budget;
- The Federal Government (the President, his Administration and Congress) could help/provide assistance to the State.