



LOS ANGELES COUNTY COMMISSION ON HIV

STATE
BUDGET CUTS
BRIEF #2
Update: May 30, 2009

Governor's Revised HIV/AIDS Cuts Will Be Devastating

Governor's HIV/AIDS Service Cuts Revised

On May 26, 2009, California's Department of Finance (DOF) released details about the Governor's proposed cuts of general funds from the State Office of AIDS (OA). The information varied somewhat from the Governor's original OA budget cut proposal that had been shared with the public the prior week, but the revised budget cuts continue to promise a destructive impact on people with and at risk of HIV/AIDS in California.

The Governor's revised budget includes a \$12.3 million cut in general fund support (roughly 13%) to the AIDS Drug Assistance Program (ADAP), and eliminates general fund support for all other OA programs (\$67.8 million). In total, the Governor is proposing \$80.1 million in cuts to critical HIV/AIDS services that help to preserve the health and lives of Californians living with or at risk for HIV/AIDS.

The following HIV/AIDS programs are targeted for severe reductions or elimination under the Governor's current proposal:

- AIDS Drug Assistance Program (ADAP),
- HIV counseling and testing,
- HIV education and prevention,
- Early Intervention Programs (EIPs),

- Therapeutic Monitoring Program (TMP),
- HIV surveillance,
- Home/community based care programs,
- Housing programs, and
- CARE/Health Insurance Premium Payments (CARE/HIPP).

Cuts Jeopardize Federal Funds for HIV Services

In many cases, these cuts further jeopardize direct services for Californians living with HIV because they limit the OA's ability to fulfill the federal grant requirements. Matching ["Maintenance of Effort" (MOE)] requirements, for example, mandate that the State contribute to HIV programs to be eligible for federal funds.

The Governor's plan could result in the State losing a portion, if not all, of its federal Ryan White HIV/AIDS Program and CDC grants. The cuts will also impact local jurisdictions: local Ryan White grants are, for example, based on case reports from surveillance—proposed to be eliminated.

If the State Legislature approves the Governor's proposed HIV budget cuts, life-sustaining HIV/AIDS programs and services could be eliminated. These solutions not only harm Californians, but cost the State more in the long-run:

IT'S REAL: THE TIME TO ACT IS NOW!!!

- The Therapeutic Monitoring Program pays for testing that helps medical providers choose the most effective and cost-efficient medications/treatments.
- The home/community based care program provides home-based services to gravely ill people with HIV, helping them maintain independence and avoid more costly nursing home care.
- Early Intervention Programs (EIPs) ensure that newly diagnosed Californians with HIV are enrolled in medical treatment early on, when treatment is less costly and more effective.
- HIV counseling and testing programs help people learn their HIV status to access care earlier and to take precautions to prevent transmission to others.
- CARE/HIPP contributes to insurance premiums: a more cost-effective option than the State paying for care directly.
- HIV education and prevention programs are the most cost-effective and humane way of reducing HIV/STD transmission.

Impact of Budget Reductions on ADAP

The Governor proposed the \$12.3 million reduction in general funds from ADAP based on the following plans:

- ① Saving \$10 million through reductions to the ADAP drug formulary—removing drugs from the formulary and/or reducing access to certain drugs;
- ② Generating \$2.3 million in revenues by charging ADAP enrollees with incomes above 200% Federal Poverty Level (200% FPL = \$21,660 for a Single Household in 2009) premiums to maintain coverage under ADAP.

Although specific details of the formulary reductions and premium plan have yet to be released, it is clear that these cuts will severely limit access to life-sustaining medications for Californians with HIV/AIDS.

The Governor's proposed reduction to ADAP could threaten the State's ability to meet federal MOE requirements, putting federal Ryan White funds for ADAP and other programs in jeopardy. The loss of general funds and Ryan White support, in turn, could cripple ADAP's ability to earn pharmaceutical rebates (which currently contributes 50%+ of the ADAP budget).

What Can We Do?

California is facing disaster, but the solution cannot balance the State budget on the backs of the most vulnerable and those who can least afford it.

Californians with HIV/AIDS will already suffer from current and proposed cuts to Medi-Cal, Social Security and other public benefits programs. In addition, hundreds or thousands more people with HIV/AIDS must turn to these programs during this economic crisis.

- Call, write and visit your State representatives and urge them not to support these cuts.
- Write the State Conference Committee on Budget (before June 5) to let them know how these cuts will impact you.
- Call, write and visit your Congressional representatives to urge their advocacy for federal support/intervention in California's budget crisis.
- Help plan, and support and attend, protest rallies around the State (LA on June 5, Sacramento statewide on June 10).