

## 2017-19 Biennium Budget Decision Package

**FINAL**

**Agency:** 303 Department of Health

**Decision Package Code/Title:** A3 Exchange HIV Local Authority

**Budget Period:** 2017-19

**Budget Level:** M2-Inflation and Other Rate Changes

**Agency Recommendation Summary Text:**

The Department of Health is requesting a fund authority exchange of \$14 million per year from General Fund-Federal to General Fund-Local to ensure grant compliance with the federal Health Resources and Services Administration. This fund swap will allow the department to continue to provide community services and care for people living with HIV/AIDS at a level required by law for core medical services, case management, and support services for people living with HIV.

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

| Operating Expenditures            | FY 2018        | FY 2019        | FY 2020        | FY 2021        |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Fund 001-2                        | (14,000,000)   | (14,000,000)   | (14,000,000)   | (14,000,000)   |
| Fund 001-7                        | 14,000,000     | 14,000,000     | 14,000,000     | 14,000,000     |
| <b>Total Cost</b>                 | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Staffing                          | <b>FY 2018</b> | <b>FY 2019</b> | <b>FY 2020</b> | <b>FY 2021</b> |
| FTEs                              | 0              | 0              | 0              | 0              |
| Object of Expenditure             | FY 2018        | FY 2019        | FY 2020        | FY 2021        |
| A - Salaries and Wages            | 0              | 0              | 0              | 0              |
| B - Employee Benefits             | 0              | 0              | 0              | 0              |
| C - Personal Service Contracts    | 0              | 0              | 0              | 0              |
| E - Goods and Services            | 0              | 0              | 0              | 0              |
| N - Grants, Benefits & Client Svc | 0              | 0              | 0              | 0              |
| T- Intra-Agency Reimbursements    | 0              | 0              | 0              | 0              |

**Package Description**

The Department of Health (DOH) receives \$14 million per year from the federal Health Resources and Services Administration (HRSA) for the Ryan White Care Act grant. These funds are used to support HIV/AIDS services such as medical services, case management, and support services for people living with HIV, including the AIDS Drug Assistance Program (ADAP). A State operated ADAP receiving financial assistance under the Ryan White Care Act are eligible to receive

pharmaceutical rebates on medication purchases for clients. These rebates are collected as General Fund-Local and are required to be placed back into ADAP. The rebates cannot be used for other programs per the Federal Award.

DOH has received policy guidance from HRSA regarding the Ryan White HIV/AIDS Program (RWHAP), clarifying the policy regarding program income and utilization of pharmaceutical rebates. The guidance included clarification of the order in which DOH should be expending its funds.

Previously, DOH had been following the order below:

1. Spend down federal carry-forward (GF-Federal)
2. Spend down ADAP Rebates (GF-Local)
3. Spend down the new federal award (GF-Federal)

If DOH does not spend all of the ADAP rebates, the balance is carried forward to the next fiscal year. Any remaining or unspent federal funds are carried forward into next year

However HRSA clarified that DOH must spend ADAP Rebates before anything else (e.g. prior to spending federal carry forward funds). The new order is as follows:

- ~~1. Spend down federal carry-forward (GF-Federal)~~
2. Spend down ADAP Rebates (GF-Local)
3. Spend down federal carry-forward (GF-Federal)
4. Spend down the new federal award (GF-Federal)

The requirement that DOH spend all of the ADAP Rebate revenue prior to spending federal funds means DOH will need additional General Fund-Local authority. It also means that DOH will not be able to expend all of its federal award.

This proposal requests a one-time increase of \$28 million in GF-Local authority and a corresponding reduction of \$28 million GF-Federal authority for the 2017-19 biennium. This fund authority swap will allow DOH to maintain current levels of service by exhausting the ADAP Rebate fund balance (instead of spending the federal funds). DOH will not spend either its carry forward or its new federal award in the 2017-19 biennium (and possibly the 2019-21 biennium).

**Contact Information:**

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**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.** Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

The current base budget for the program consists of 13.6 FTEs and \$14.0 million General Fund-Federal and \$13.0 million General Fund-Local per year for FY18 & FY19. These funds fall under Activity A016.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:** Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

No change in workload or policy assumptions, expenditures or revenue. Expenditure estimates are unchanged. The only change is the fund type (activities that were charged to GF-Federal will shift to GF-Local).

**Decision Package Justification and Impacts**

**What specific performance outcomes does the agency expect?**

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Not Applicable

**Performance Measure detail:**

This request allows DOH to continue the same level of service and helps meet the following performance measure from the DOH strategic plan:

- Goal 1: Protect everyone in Washington from communicable diseases and other health threats
- Objective 2: Implement plans to achieve End AIDS Washington plan.

**Fully describe and quantify expected impacts on state residents and specific populations served:**

The proposed fund swap allows DOH to maintain current levels of service. State residents and clients of the HIV program will have continued access to care.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

| Impact(s) To:   |    | Identify / Explanation |
|---|----|------------------------|
| Regional/County impacts?  | No | Identify:              |
| Other local gov't impacts?                                      | No | Identify:              |
| Tribal gov't impacts?   | No | Identify:              |
| Other state agency impacts?                                     | No | Identify:              |
| Responds to specific task force, report, mandate or exec order? | No | Identify:              |
| Does request contain a compensation change?                     | No | Identify:              |
| Does request require a change to                                | No | Identify:              |

|  |    |  |
|--|----|--|
| a collective bargaining agreement?                           |    |  |
| Facility/workplace needs or impacts?                         | No | Identify:  |
| Capital Budget Impacts?                                      | No | Identify:  |
| Is change required to existing statutes, rules or contracts? | No | Identify:  |
| Is the request related to or a result of litigation?         | No | Identify lawsuit (please consult with Attorney General's Office):        |
| Is the request related to Puget Sound recovery?              | No | If yes, see budget instructions Section 14.4 for additional instructions |
| Identify other important connections                         |    |  |

Please provide a detailed discussion of connections/impacts identified above.

**What alternatives were explored by the agency and why was this option chosen?**

DOH does not have sufficient GF-Local authority to maintain the program; therefore, the only other option is to reduce services to remain within its appropriation. Reducing services is counter to federal requirements. This alternative was also not considered because the revenue is available to support the program.

**What are the consequences of not funding this request?**

Not funding this request will result in less individuals having access to the HIV Client Services program. It will also put the federal award at risk.

**How has or can the agency address the issue or need in its current appropriation level?**

The agency cannot address the issue within its current appropriation.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)