



SEP 20 2006

TO: Deputy Assistant Secretary

FROM: Associate Administrator

SUBJECT: Impact of Adding HIV (Non-AIDS) Cases to the Formula Funding Allocation - INFORMATON

As requested, you will find attached an assessment of the impact of adding HIV cases to the formula. Please let us know if this information satisfies your request.

Thank you.

A handwritten signature in black ink, appearing to read "Deborah Hopson".

Deborah Parham Hopson, Ph.D., R.N.

Attachment

cc: Elizabeth Duke

RWCA Current Law What Ifs

What is the impact of adding HIV (non-AIDS) cases to the formula?

Distribution of Ryan White Comprehensive AIDS Resources Emergency (CARE) Act dollars is based on each jurisdiction's proportion of overall cases. The Centers for Disease Control and Prevention (CDC) only accepts HIV disease case data from name-based states – not name-to-code or code-based states. Name-based states are much more likely to see an increase in their total cases over last year, which is more likely to result in an increase in funding over the last year for name-based states.

Adding HIV (non-AIDS) cases to the formula distribution beginning with FY 2007 Title I and II grant awards may shift the distribution of funding from jurisdiction to jurisdiction. The hold harmless provision under Title I, section 2603(a)(4)(A) of the Public Health Service Act (PHS Act) requires funds from the supplemental portion of the award to hold Title I entities harmless, thus reducing the amount of funding available for the supplemental grant awards. In the case of Title II, both the use of HIV disease for the formula calculation and the addition of new eligible Emerging Communities will trigger the hold harmless provision. Under Title II, section 2618(a)(2)(I)(ii)(VI) of the PHS Act requires the Secretary to ensure that each state not receive less in grant award than the preceding year before such amounts are used for the ADAP supplemental grant. The impact of these hold harmless provisions is further explained below.

What happens to supplemental funds with the shifts in funding due to changes to HIV cases in the formula?

The hold harmless provisions for Title I prevent EMAs from losing substantial funds from the formula portion of the Title I awards. The current CARE Act language stipulates that no EMA can lose more than 85 percent of its formula award. In FY 2006, 25 EMAs were held harmless for a total of \$11,139,546. This amount was deducted from the Supplemental portion of the Title I awards. With the integration of HIV disease data in FY 2007 as required by the current CARE Act, HRSA believes that many more EMAs may be held harmless.

Under Title II, 3 percent of the AIDS Drug Assistance Program (ADAP) appropriation must be set aside for supplemental grants as required under section 2618(a)(2)(I)(ii)(V) of the PHS Act. The FY 2007 President's budget for ADAP is \$789,546,000. Three percent of that amount is \$23,686,380. With the addition of HIV disease cases to the formula and the creation of new Emerging Communities, HRSA estimates that an additional \$64,000,000 will be needed to hold states harmless. The ADAP supplemental is the only money available in the current CARE Act that can be used for hold harmless payments. Therefore, an additional \$40,313,620 ($\$64,000,000 - \$23,686,380 = \$40,313,620$) will be needed to meet the hold harmless requirement.

How will formula funds be distributed in name-based, name-to-code-based, and code-based states in FY 2007?

HRSA will continue to use the 10-year (120 months) band of cases in the computation of the formula funds. For jurisdictions with name-based reporting, HIV disease data (non-AIDS and AIDS) will be used; for jurisdictions without name-based HIV reporting, only AIDS cases will be used. HIV disease cases reported during the 120 months will be aggregated into ten 12-month periods, and 10 "survival" weights will be applied to the 10 HIV disease case counts. The survival weight for each 12-month reporting period is the proportion of persons reported with HIV disease and not reported as deceased, or (cases minus deaths)/cases.

Congress of the United States
Washington, DC 20515

September 20, 2006

The Honorable Michael Enzi
Chairman
Senate Health, Education, Labor
and Pensions Committee
379A Russell Senate Office Building
Washington, DC 20510

The Honorable Edward Kennedy
Ranking Member
Senate Health, Education, Labor
and Pensions Committee
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Joe Barton
Chairman
House Energy and Commerce Committee
2109 Rayburn House Office Building
Washington, DC 20515

The Honorable John Dingell
Ranking Member
House Energy and Commerce
2328 Rayburn House Office Building
Washington, DC 20515

Dear Chairmen Enzi and Barton and Ranking Members Kennedy and Dingell:

As representatives of the state with the highest HIV/AIDS prevalence in the nation, we are writing with regard to the reauthorization of the Ryan White CARE Act currently under consideration. Together, with Governor Pataki, Mayor Bloomberg and representatives of the New York State and New York City health departments, we have expressed concerns regarding the proposed Ryan White bill many times over the last few months. As a result, many of those concerns were addressed and we appreciate the bicameral bipartisan work to incorporate the necessary changes. We do have remaining concerns however that create a significant barrier to our ability to support this legislation.

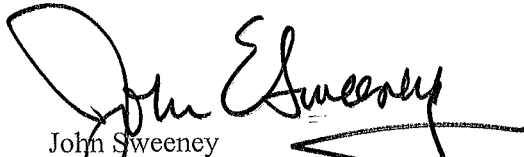
As currently written, the proposed Ryan White HIV/AIDS Treatment Modernization Act will have a negative impact upon New Yorkers living with HIV and AIDS. New York State stands to lose more than \$78 million in Ryan White Title II funds over four years. In addition, the areas in New York that receive Ryan White Title I funds face substantial cuts. For example, it is estimated New York City stands to lose as much as \$17 million in FY 2007. Long Island is likely to see a reduction of almost half its award and Dutchess County is likely to become ineligible for Title I funds during the authorization period. Our constituents living with HIV/AIDS in every region of the state will be adversely affected -- from New York City to Western New York.

The potential losses to New York State under the proposed bill will result in reductions in medications and services for persons living with HIV and AIDS throughout the state. We support providing the funding necessary to areas in the country where case rates of HIV/AIDS are increasing and where Ryan White funding is currently insufficient. Conversely we cannot support a shifting in crucial Ryan White dollars away from New York to fund those shortfalls.

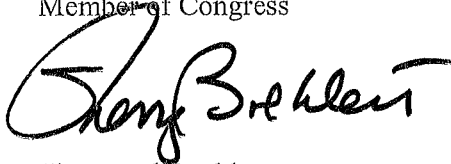
We appreciate your efforts to meet the challenges associated with reauthorization of the CARE Act. Without modifications to address our concerns, we stand united on behalf of New Yorkers living with HIV/AIDS, our providers and advocates in opposition to this version of the legislation.

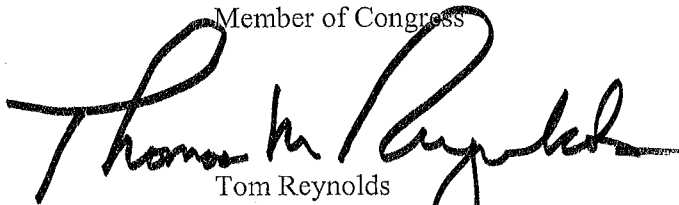
Sincerely,


Vito Fossella
Member of Congress

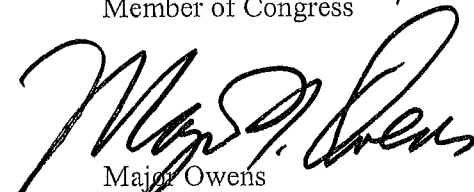

John Sweeney
Member of Congress


Peter King
Member of Congress

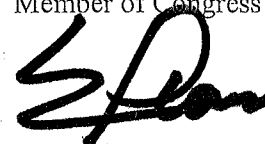

Sherwood Boehlert
Member of Congress


Tom Reynolds
Member of Congress


Sue Kelly
Member of Congress

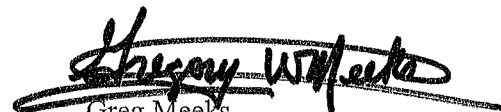

Major Owens
Member of Congress


Eliot Engel
Member of Congress

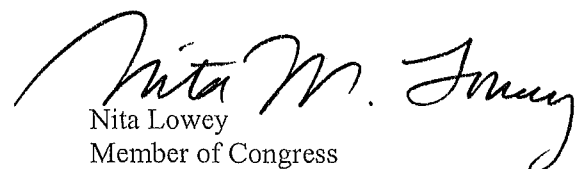

Ed Towns
Member of Congress

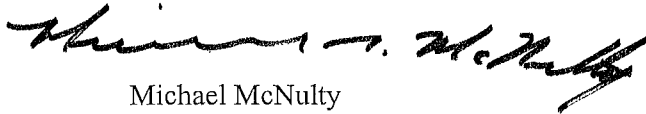

Gary Ackerman
Member of Congress


Carolyn Maloney
Member of Congress

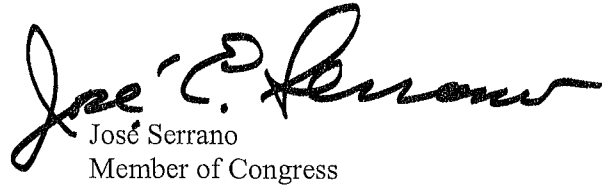

Greg Meeks
Member of Congress


Carolyn McCarthy
Member of Congress

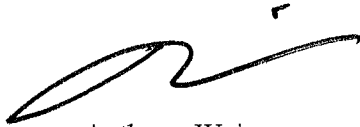

Nita Lowey
Member of Congress



Michael McNulty
Member of Congress



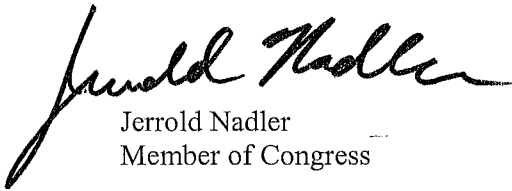
José Serrano
Member of Congress



Anthony Weiner
Member of Congress



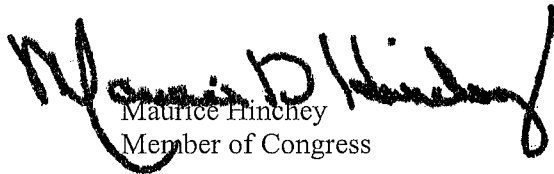
Louise Slaughter
Member of Congress



Jerrold Nadler
Member of Congress



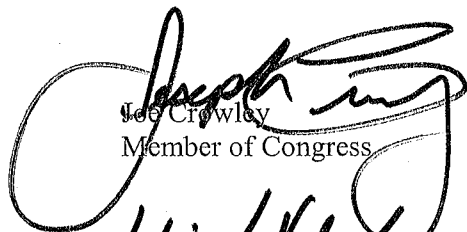
Brian Higgins
Member of Congress



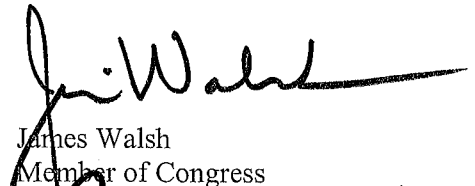
Maurice Hinchey
Member of Congress



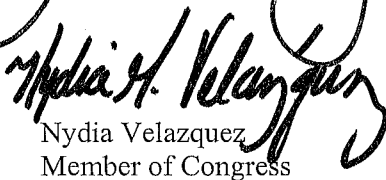
Tim Bishop
Member of Congress



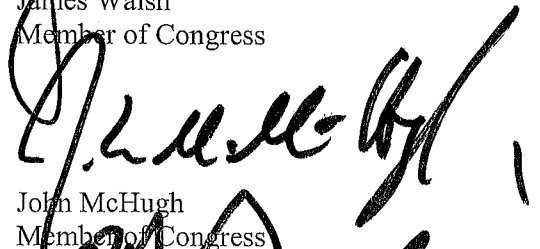
Joe Crowley
Member of Congress



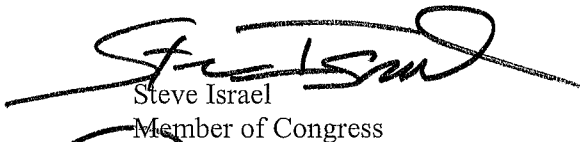
James Walsh
Member of Congress



Nydia Velazquez
Member of Congress



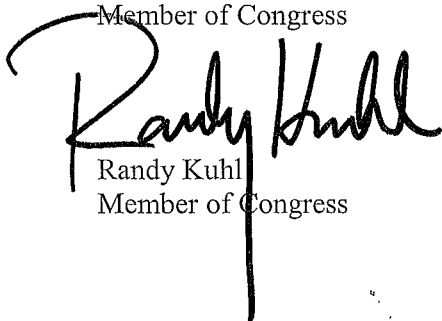
John McHugh
Member of Congress



Steve Israel
Member of Congress



Charles Rangel
Member of Congress



Randy Kuhl
Member of Congress

United States Senate

WASHINGTON, DC 20510

September 20, 2006

The Honorable Michael Enzi
Chairman
Senate Health, Education, Labor
and Pensions Committee
379A Russell Senate Office Building
Washington, DC 20510

The Honorable Edward Kennedy
Ranking Member
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and Pensions Committee
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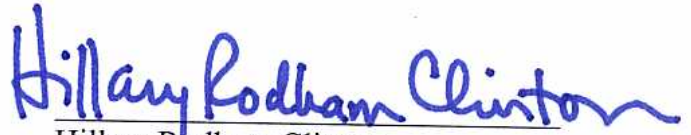
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Sincerely,



Charles E. Schumer
United States Senator



Hillary Rodham Clinton
United States Senator



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

September 18, 2006

The Honorable Michael B. Enzi
Chairman
Health, Education, Labor, and Pensions
Committee
835 Hart Senate Office Building
Washington, DC 21510

The Honorable Edward M. Kennedy
Ranking Member
Health, Education, Labor, and Pensions
Committee
527 Hart Senate Office Building
Washington, DC 21510

The Honorable Joe Barton
Chairman
Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

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2322 Rayburn House Office Building
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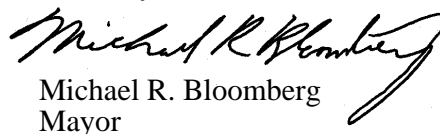
Dear Chairmen Enzi and Barton and Ranking Members Kennedy and Dingell:

The projected losses resulting from the Ryan White Treatment Modernization Act of 2006 would destabilize the HIV treatment and care infrastructure that New York City and New York State have developed together over the past two decades, and would have a devastating impact on persons living with HIV disease in New York.

New York City has the oldest, the largest, and the most complex HIV/AIDS epidemic in the United States. New York City accounts for one of every six reported AIDS cases in the United States, and each year reports more AIDS cases than Los Angeles, San Francisco, Miami, and Washington, D.C. combined. Based on conservative fiscal estimates using Government Accountability Office (GAO) reports, New York City stands to lose more than \$17.8 million in 2007. Moreover, New York State projects, based on GAO estimates, they will lose \$78 million over the next four years under this legislation. Our residents with HIV disease who depend on our comprehensive system of care will bear the brunt of deep cuts in covered drugs and the elimination of essential health care and support services.

New York City opposes the current House draft of the Ryan White Treatment Modernization Act of 2006. I look forward to working with you to fix these life-threatening cuts in funding to New York City, New York State, and the other New York Eligible Metropolitan Areas.

Sincerely,


Michael R. Bloomberg
Mayor

MRB:jc

cc: The Honorable Hillary Rodham Clinton
The Honorable Vito Fossella
The Honorable Edolphus Towns
The Honorable Eliot Engel