

M00F04
AIDS Administration
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	FY 05	FY 06	FY 07	FY 06-07	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$5,534	\$4,902	\$10,666	\$5,764	117.6%
Special Fund	-267	111	51	-60	-54.4%
Federal Fund	<u>56,167</u>	<u>48,928</u>	<u>57,615</u>	<u>8,687</u>	<u>17.8%</u>
Total Funds	\$61,434	\$53,941	\$68,332	\$14,391	26.7%

- The fiscal 2007 allowance for the AIDS Administration increases \$14.4 million from the fiscal 2006 working appropriation, with federal funds increasing \$8.7 million and general funds increasing \$5.8 million.
- The Maryland AIDS Drug Assistance Program (MADAP) accounts for \$12.8 million of the increase predominantly caused by an accounting change. Only \$1.5 million of the increase is due to increased utilization and higher costs for prescription drugs.

Personnel Data

	FY 05	FY 06	FY 07	FY 06-07
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	62.00	100.00	97.00	-3.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	62.00	100.00	97.00	-3.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	5.34	5.50%
Positions Vacant as of 12/31/05	15.00	15.00%

- The number of regular positions in the AIDS Administration has changed significantly since fiscal 2005. The fiscal 2006 budget process deleted 4 positions, and during the year the administration added 42 additional regular positions. One position was transferred from the Mental Hygiene Administration, and 41 positions were contractual conversions from the contract with the Maryland Institute for Policy Analysis and Research (MIPAR).

Note: Numbers may not sum to total due to rounding.

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- The fiscal 2007 allowance deletes 3 of the 100 regular positions in the AIDS Administration because they have been long-term vacancies.
- In fiscal 2006, the AIDS Administration was budgeted to have 5.34 vacant positions, and as of December 31, 2005, the Administration had 15 vacancies, which makes for a vacancy rate of 15% as opposed to the budgeted vacancy rate of 5.5%.

Analysis in Brief

Major Trends

Distribution of HIV/AIDS Cases Remains Constant While Incidence Falls: In recent years, the distribution of HIV and AIDS cases throughout the State has remained constant with Baltimore City having almost half the HIV/AIDS cases. Since 1999, the number of new reported HIV cases has experienced an average annual decline of 2.8%, and the number of new AIDS cases has experienced an average annual decline of 2.6%.

MADAP Enrollment and Expenditures Steadily Increasing: MADAP is the largest program run by the AIDS Administration, and since fiscal 2003 the program has experienced an aggressive growth rate. The enrollment for MADAP-Plus and the Maryland AIDS Insurance Assistance Program has also increased significantly since fiscal 2003.

Prevention Activities Decrease: The number of educational contacts and the amount of literature distributed are expected to decline significantly between fiscal 2004 and 2007. The downward trend corresponds with the budget for literature distribution, but this is not the case for educational contacts.

Issues

Federal Government May Require Name-based HIV Surveillance: It is widely expected that when Congress reauthorizes the Ryan White CARE Act, the requirements for receiving funding will change from using AIDS surveillance to HIV surveillance. Along with that requirement, the federal government is reportedly considering providing funding only to states that collect name-based HIV data and not states that collect data through a code-based system (such as Maryland's unique identifier system).

End of MIPAR Contract: Currently, the AIDS Administration has 100 authorized regular positions and 33 MIPAR employees. The fiscal 2007 allowance eliminates the MIPAR contract without converting any of the MIPAR employees to State employees. The allowance puts the funding that would have gone toward the contract toward providing additional direct services.

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Federal Fund Spend Down: In the 2005 *Joint Chairmen’s Report* (JCR), the General Assembly restricted \$100,000 in general funds until the AIDS Administration submitted a report to the budget committees detailing proposals to appropriately spend down the surplus of federal funds. The report was to be submitted by December 1, 2005. However, the budget committees did not receive the report until the end of January 2006.

HIV/AIDS in Correctional Facilities: In the 2005 JCR, the General Assembly restricted \$100,000 in general funds until the AIDS Administration submitted a report to the budget committees on the efficacy of current prevention programs aimed at stopping the transmission of HIV/AIDS in correctional facilities. The report was to be submitted by December 1, 2005, but as of February 4, 2006, the report had not been submitted to the budget committees.

Recommended Actions

1. Add budget language to restrict \$1.7 million to be spent on direct services until a plan for the expenditure of the funds has been submitted.

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M00F04
AIDS Administration
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

The AIDS Administration was established in 1987 to provide the Department of Health and Mental Hygiene (DHMH) and the State with expert scientific and public health leadership to combat the spread of HIV. The mission of the AIDS Administration is to decrease disability and death due to AIDS by reducing transmission of HIV and to help Marylanders already infected live longer and better lives. This is to be accomplished by monitoring the spread of the epidemic and its impact on populations within the State, controlling the spread of HIV infection in Maryland, and reducing morbidity and mortality associated with HIV. The key functions of the AIDS Administration are:

- executive oversight of the mission of the administration;
- planning, developing, and evaluating programs;
- supporting programs statewide for treatment and support services to ensure that people with HIV infection have access to the medical and support services needed to live with their disease, notably the Maryland AIDS Drug Assistance Program (MADAP) and two insurance assistance programs (one federal funded and one general funded);
- supporting programs statewide for prevention and education to reduce the likelihood of transmission by giving people the information they need to adopt behaviors which will prevent them from becoming infected; and
- surveillance to track HIV and AIDS.

The AIDS Administration consults and coordinates its work with the 24 local health departments. Each local health department has counseling and testing sites where free tests and consultations are available. The administration also funds clinical activities for the diagnosis and evaluation of patients with HIV.

Performance Analysis: Managing for Results

Distribution of HIV/AIDS Cases Remains Constant While Incidence Falls

Based on data through September 2005, there are currently an estimated 28,327 Marylanders living with HIV or AIDS (15,973 with HIV and 12,354 with AIDS). As shown in **Exhibit 1**, most of the people living with HIV/AIDS are concentrated in Baltimore City, Prince George’s County, or the prison system. The distribution of persons living with HIV/AIDS shows little change from the prior year.

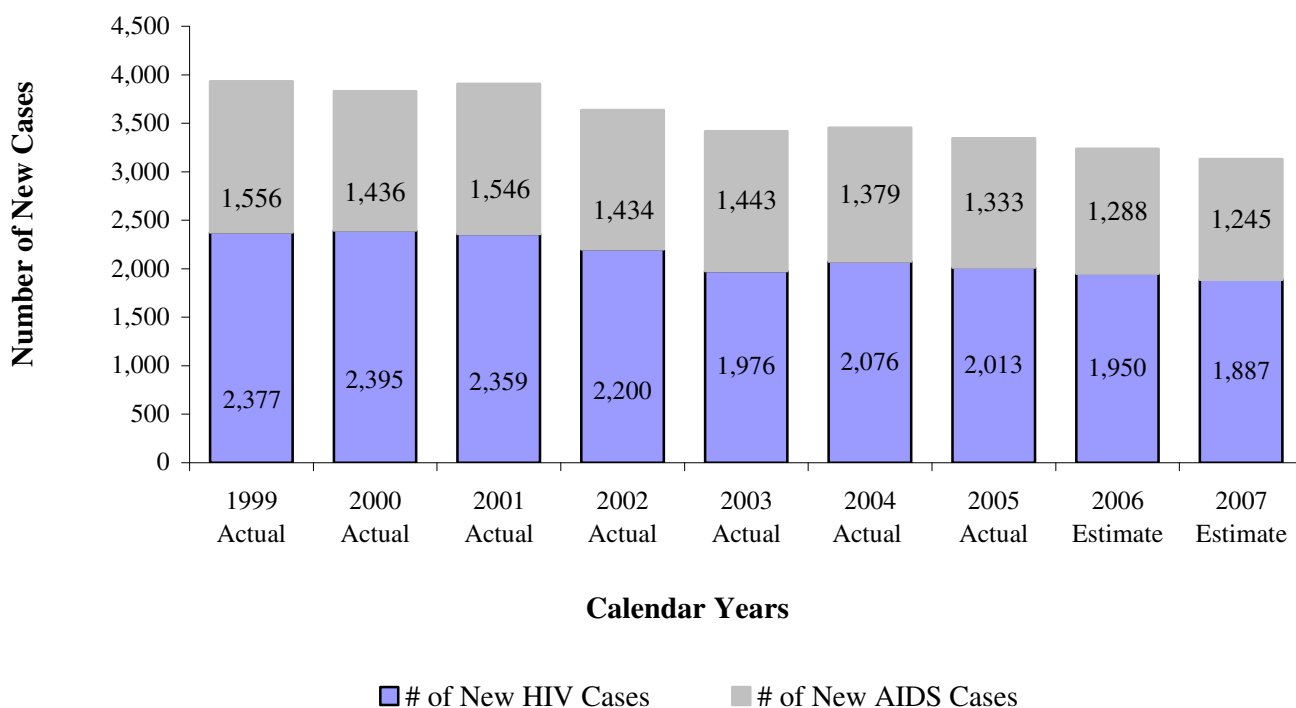
Exhibit 1 Distribution by County of Prevalent HIV/AIDS Cases for 2004

<u>County</u>	<u>Number</u>	<u>Percent</u>
Baltimore City	14,012	49.5%
Prince George's	4,319	15.2%
Corrections	2,676	9.4%
Montgomery	2,197	7.8%
Baltimore County	1,989	7.0%
Anne Arundel	833	2.9%
Harford	306	1.1%
Howard	271	1.0%
Remainder of State	1,724	6.1%
Total	28,327	100.0%

Source: AIDS Administration

Exhibit 2 details trends in new reported cases in HIV and AIDS in Maryland. The exhibit illustrates that new reported HIV cases, as measured over the six-year period 1999 through 2005, shows an average annual decline of 2.6%. New reported AIDS cases fall by an annual average of 2.4% over the same period. With the advent of new drug therapies, new reported AIDS cases, which were running at about 2,300 per year in the mid-1990s, has fallen gradually each year with the most recent actual data reporting 1,300 new AIDS cases.

**Exhibit 2
Managing for Results
Incidence of HIV and AIDS in Maryland**



Source: AIDS Administration

Compared to national data, the rate of Maryland’s new reported AIDS cases remains significantly above the national average. The federal Centers for Disease Control and Prevention (CDC) reports that nationally there were 14.9 new AIDS cases per 100,000 population in 2003 compared to the Maryland average of 26.1 per 100,000 population. Only New York, the District of Columbia, and Florida have higher rates.

Maryland’s AIDS population continues to show some striking differences to the nation as a whole in terms of exposure categories. Specifically, for new AIDS cases reported in 2004:

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- **Gender** – Female cases comprise a higher percentage of all adult/adolescent cases in Maryland (37%) than nationwide (27%) in 2004.
- **Race/Ethnicity** – Compared to the national AIDS cases, a higher percentage of Maryland cases are African American (Maryland 83% versus national 48%), while a much lower percentage are Hispanic (Maryland 3% versus national 21%), and white (Maryland 13% versus national 29%). It is important to note, these racial differences are due in part to the differences between the Maryland population and the United States population.
- **Exposure Category** – Maryland male AIDS cases are more likely to report injection drug use (Maryland 41% versus national 18%), and less likely to report that they are MSM (men having sex with men) than national cases (Maryland 32% versus national 61%). Maryland female AIDS cases are more likely to report injection drug use (Maryland 42% versus national 30%) and less likely to report heterosexual contact as their mode of exposure (Maryland 57% versus national 68%).

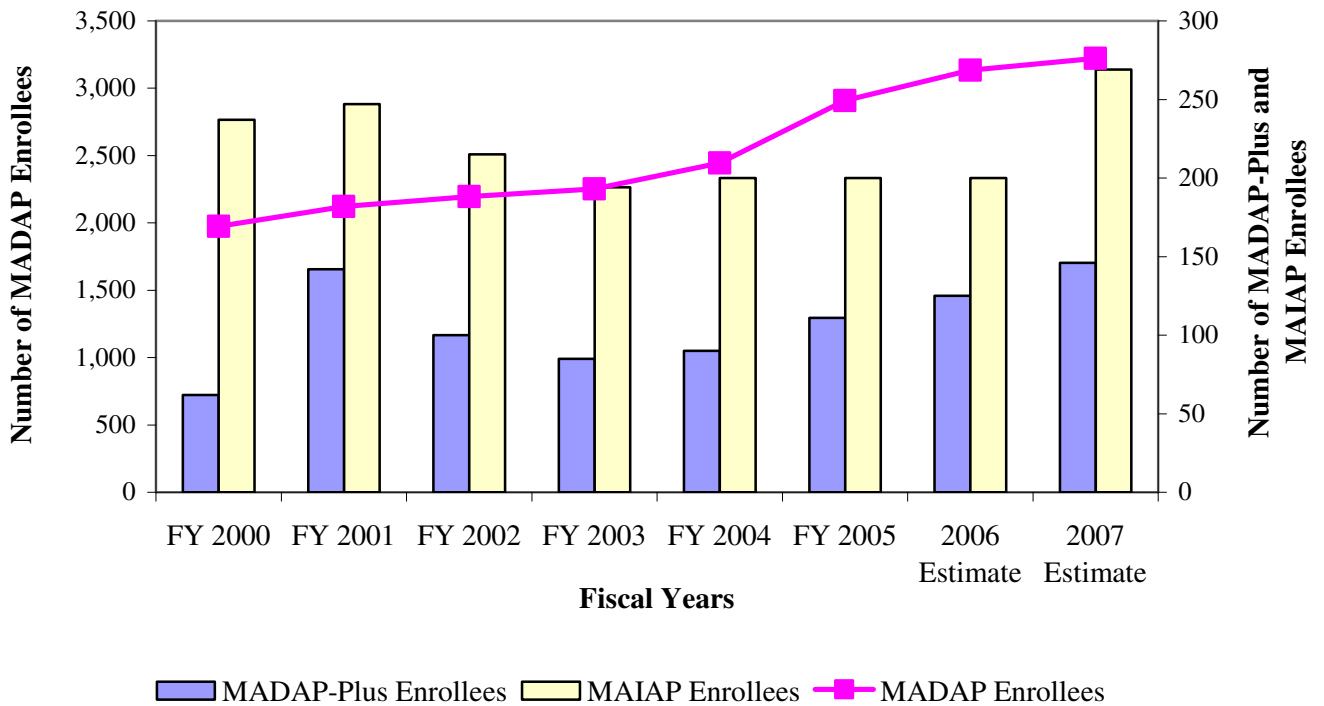
MADAP Enrollment and Expenditure Steadily Increasing

The major health services programs offered by the AIDS Administration are MADAP and two insurance programs MADAP-Plus and the Maryland AIDS Insurance Assistance Program (MAIAP). MADAP and MADAP-Plus are federally funded programs, while MAIAP is supported through general funds.

MADAP is the largest program run by the AIDS Administration. MADAP assists persons diagnosed with HIV/AIDS who meet certain income eligibility criteria (above 116% and below 500% of the federal poverty level (FPL) or \$10,800 to \$46,550 for a single person) with HIV/AIDS-related drug costs. Clients are certified eligible for MADAP for a one-year period, after which time they may reapply for certification.

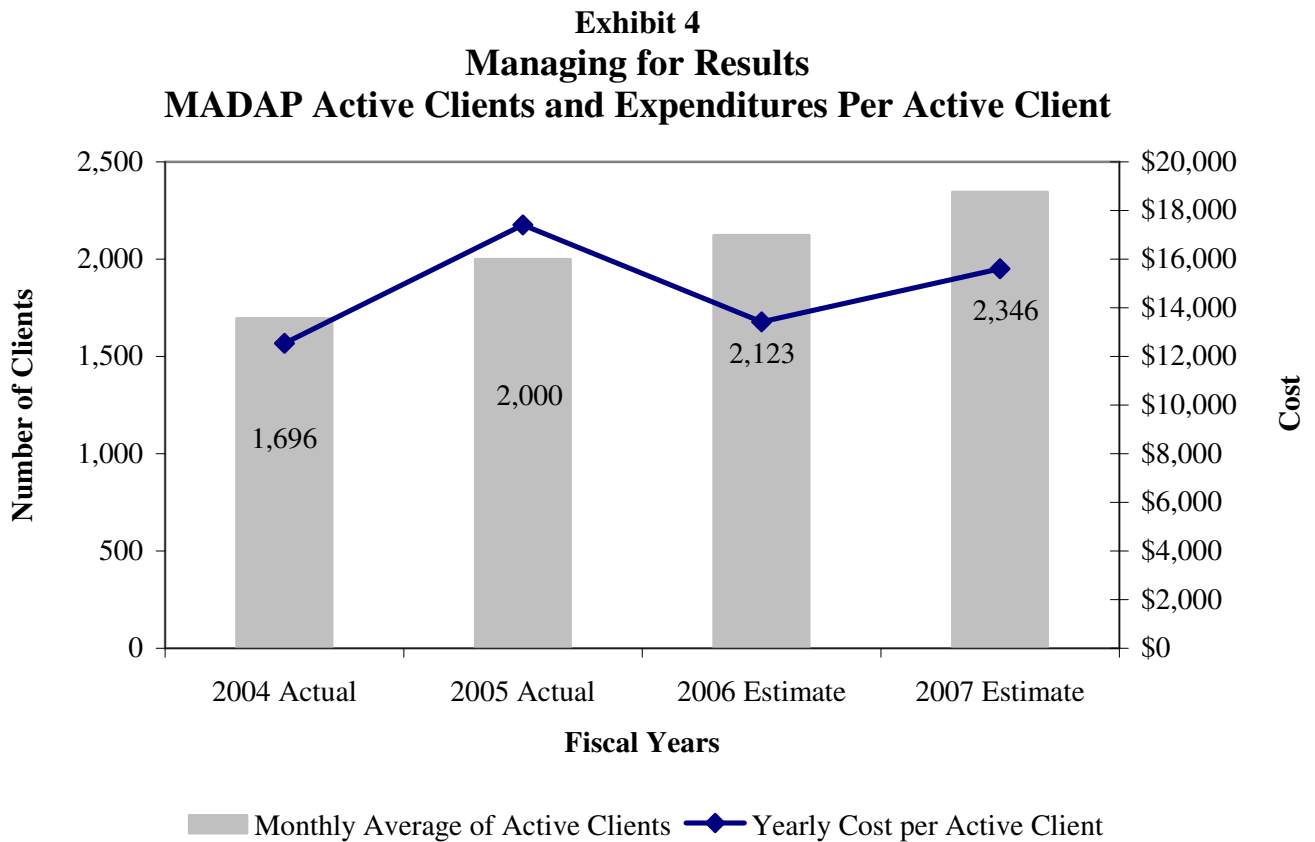
As shown in **Exhibit 3**, MADAP and MADAP-Plus have been in a growth trend since fiscal 2003. Enrollments in MADAP have been growing at a steadily aggressive rate, while the enrollment in MADAP-Plus has also been steadily increasing but at a slower rate. On the other hand, enrollment in MAIAP has been relatively stable since fiscal 2003, but the AIDS Administration expects enrollment in MAIAP to increase sharply in fiscal 2007. **The department should explain how the expected increase in MAIAP enrollment will be funded because the fiscal 2007 allowance is less than the fiscal 2005 actual.**

**Exhibit 3
Managing for Results
Enrollees in MADAP and MAIAP**



Source: AIDS Administration

As shown in **Exhibit 4**, the average monthly active enrollment in MADAP is expected to continue experiencing a steady increase through fiscal 2007. In fiscal 2004, the average monthly enrollment was 1,700, and by fiscal 2007, that number is expected to grow to 2,300. Exhibit 4 also shows that while average monthly enrollment is growing, the yearly cost per active client is expected to fall from about \$17,000 in fiscal 2005 to around \$16,000 in fiscal 2007. **DHMH should comment on the reasons for the projected decline in the yearly cost per active client.**

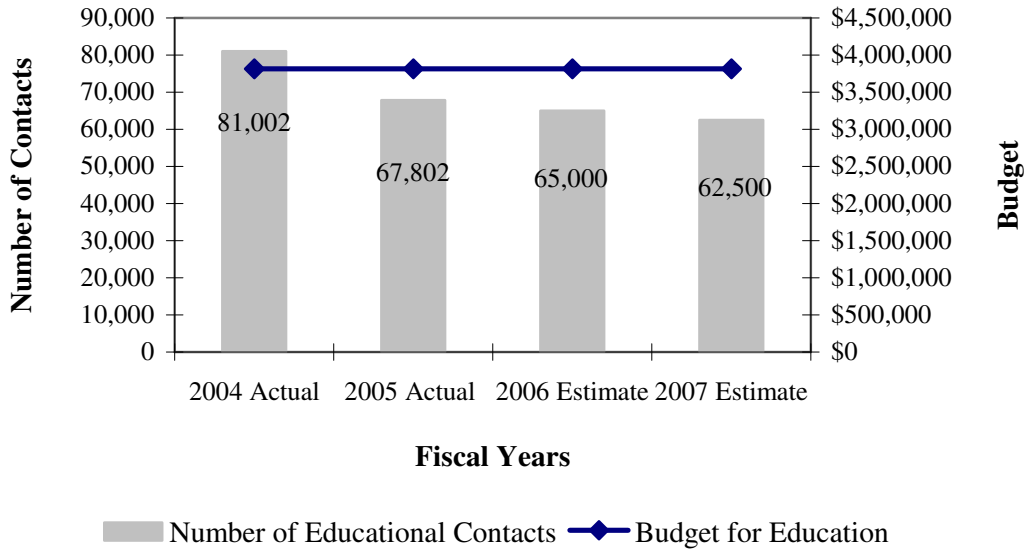


Source: AIDS Administration

Prevention Activities Decrease

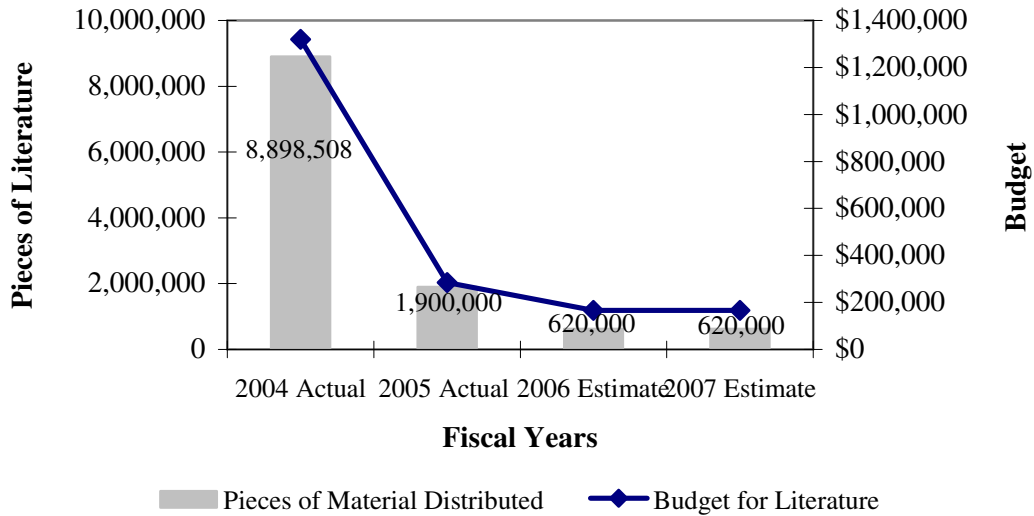
Exhibit 5 shows the funding for educational contacts is expected to remain stable, while the number of educational contacts is falling 23% from fiscal 2004 to the fiscal 2007 estimate. As shown in **Exhibit 6** the amount of literature distributed by the AIDS Administration is also falling, and this trend directly correlates with the budget for distributing literature. Between fiscal 2004 and 2007, the amount of literature being distributed is expected to decrease by 93%, while the budget for literature is expected to decrease by 87%.

**Exhibit 5
Managing for Results
Educational Contacts and the Budget**



Source : AIDS Administration

**Exhibit 6
Managing for Results
Educational Material Distributed and the Budget**



Source: AIDS Administration

Governor's Proposed Budget

The Governor's fiscal 2007 allowance for the AIDS Administration is \$14.4 million above the fiscal 2006 working appropriation. **Exhibit 7** shows the most significant change in the budget relates to an accounting change with respect to the AIDS Drug Assistance Program (ADAP) drug rebate.

Personnel

The number of regular positions in the AIDS Administration has changed significantly since fiscal 2005. The fiscal 2006 budget process deleted 4 positions, and during fiscal 2006, the Administration added 42 new positions. One position was transferred from DHMH, and 41 positions were contractual conversions from employees. The fiscal 2007 allowance deletes 3 regular positions that have been vacant for an extended period of time.

MADAP

In Exhibit 7, MADAP appears to be growing by \$12.8 million dollars, but \$11.3 million of the increase is due to an accounting change. The remaining \$1.5 million of the increase is the result of increased utilization and higher costs for prescription drugs.

Through MADAP, the State receives rebate funds for the drugs purchased through the program. In past years, the drug rebate funds would go back to the AIDS Administration, some of the rebate funds would go directly back into MADAP, and some would accrue and carry over to the next fiscal year. More information about the issue of the carry-over of federal funds is discussed in Issue 3.

The fiscal 2007 allowance changes the accounting of the drug rebate funds. Instead of the drug rebate going back to the AIDS Administration, the drug rebate will go into the State's general fund. Until this year, the AIDS Administration's budget was formulated with the understanding that drug rebates would help cover the cost of MADAP. In other words, the legislative appropriation would underfund MADAP with the understanding that the AIDS Administration would receive a certain amount in drug rebates throughout the year that would make up the difference.

In fiscal 2007, the AIDS Administration is estimating the receipt of \$11.3 million in drug rebates which will go directly into the general fund. To cover the cost of MADAP, the AIDS Administration was provided \$6 million in general funds and \$5.3 million in federal funds (the draw down of an existing fund balance). Therefore, MADAP will be fully funded with the fiscal 2007 legislative appropriation. The impact of this adjustment is a net benefit to the general fund of \$5.3 million. There is some disagreement about whether the drug rebates earned through federal fund expenditures are able to be redirected to the general fund and spent on other purposes. **The AIDS Administration and DBM should comment about the language in the federal ADAP regulations and the legality of this accounting change.**

Exhibit 7
Governor's Proposed Budget
DHMH – AIDS Administration
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
2006 Working Appropriation	\$4,902	\$111	\$48,928	\$53,941
2007 Governor's Allowance	<u>10,666</u>	<u>51</u>	<u>57,615</u>	<u>68,332</u>
Amount Change	\$5,764	-\$60	\$8,687	\$14,391
Percent Change	117.6%	-54.4%	17.8%	26.7%

Where It Goes:**Personnel Expenses**

Budget turnover declines to 5.5%.....	\$462
Salaries underfunded in fiscal 2006.....	281
Health insurance underfunded in fiscal 2006	269
Health insurance cost growth for fiscal 2007	146
Salary increments	123
Employee retirement charges	48
Abolished positions	-139
Other personnel adjustments.....	-9

Maryland AIDS Drug Assistance Program

Supplement drug rebate funds with general funds.....	6,000
Supplement drug rebate funds with federal funds	5,345
Increase utilization and cost of drugs	1,501

Other Changes

Increase for nonspecified direct services	1,714
Federal funding for education focusing on alcohol and drug users in Baltimore City and Prince George's County	283
Federal fund for prevention focused on MSM/drug users.....	263
Increase in funding for primary and specialty health care.....	239
Increased federal funding for Housing Opportunities for Persons with AIDS.....	75
Federal funding for prevention programs	-367
General and federal funding for education and training	-542
Termination of MIPAR Contract.....	-1,714
Other	412

Total **\$14,390**

Note: Numbers may not sum to total due to rounding.

Prevention and Education Programs

Exhibit 7 shows overall the funds for prevention and education programs decrease by \$363,000. In addition, some of the remaining funds for education and prevention have been redirected to two new programs focusing on specific risk groups. One is a prevention program costing \$263,000 in federal funds focused on MSM/drug users. The second program is an educational program concentrating on alcohol and drug users in Baltimore City and Prince George's County at a cost of \$283,000 in federal funds. The AIDS Administration allowance also includes \$1.7 million in new funds for unspecified direct services which could be allocated for education and prevention programs.

Issues

1. Federal Government May Require Name-based HIV Surveillance

The collection of HIV data is a longstanding debate between the public health community and the HIV/AIDS advocacy community. The public health community supports name-based collection of HIV data in order to most accurately track the disease. However, HIV case reporting by name has traditionally been opposed by the affected community due to concerns of invasion of privacy, discrimination, and discouraging people from getting tested.

In addition to the policy debate of privacy versus data reliability, this year Congress is suppose to be reauthorizing the Ryan White CARE Act which provides the State of Maryland with a significant portion of the funding for the AIDS Administration. It is widely expected that Congress will change the requirements of funding from AIDS surveillance to HIV surveillance. Along with that requirement, the federal government is reportedly also considering providing funding only to states that collect name-based HIV data and not states that collect data through a code-based system (such as Maryland's unique identifier system).

Name-based AIDS case surveillance has existed in Maryland since 1985 because in the early years of the AIDS epidemic, the affected community generally accepted AIDS surveillance by name. However, through the years the treatment of HIV has matured, and the length of time that people live with HIV before being diagnosed with AIDS has increased. In 1994, Maryland was the first State to successfully implement a code-based HIV reporting system.

Confidential name-based reporting is favored by the CDC and the Institutes of Medicine because it has been shown to routinely achieve high levels of accuracy and reliability. Also, HIV is the only infectious disease (including AIDS) that does not report the case data by name.

In fact, this past July the CDC strengthened its official guidance to states, and encouraged "...all states to use a single, accurate system that can provide national data to monitor the scope of the HIV/AIDS epidemic." The CDC letter explains that "HIV surveillance that is conducted using coded patient identifiers has not been shown to routinely produce equally accurate, timely, or complete data to that conducted using confidential name-based surveillance methods."

Maryland's AIDS Administration refutes the CDC's claim that data collected by unique identifiers is unreliable or inaccurate, stating that multiple evaluations of the Maryland HIV surveillance system have been conducted. Using data from states that do collect HIV data by name, CDC released estimates of the numbers of people diagnosed with HIV for states that do not collect HIV data by names. There was a 99.7% agreement between the CDC estimates and the Maryland number. The AIDS Administration claims that such evidence demonstrates that Maryland's HIV reporting system provides a highly accurate and unduplicated count.

Of the states that collect HIV data, 23 states and territories collect HIV data through a confidential name-based method, and 15 states and territories use one of two code-based systems: name-to-code or unique identifier. The entities that use a code-based system of HIV surveillance are California, Connecticut, Delaware, Washington DC, Hawaii, Illinois, Maine, Maryland, Massachusetts, Montana, New Hampshire, Oregon, Rhode Island, Vermont, and Washington. However, Illinois decided to change to a confidential name-based HIV surveillance system because the state was worried about losing federal funding. For the same reason, some of the other states with code-based systems are considering making the legislative change to name-based HIV surveillance.

The AIDS Administration claims that if Congress passes this requirement, then the federal government would give states four to five years to comply with the new requirement. However, there is no assurance that the federal government will provide this time cushion.

In addition, the AIDS Administration boasts about the maturity of its AIDS surveillance system. The AIDS Administration contends that the more mature the surveillance system, the more AIDS individuals the state is likely to identify. Since the amount of federal money received by a state corresponds to the number of AIDS individuals within that state, the administration argues a more mature system will increase the funds the state is likely to receive. Under this logic, if Congress passes the requirement to collect HIV data through a name-based system, Maryland will have one of the most immature surveillance systems and, therefore, may experience a drop in federal funding because money will be filtered to states with more mature surveillance systems that theoretically are able to identify more HIV positive individuals.

The AIDS Administration should comment to the committees about the likelihood of the Ryan White Reauthorization including a requirement to collect HIV data by name. Also, the administration should explain to the committees how this change in HIV surveillance would be implemented, what resource the administration would need to implement the change, how long it might take to set a new system up, and length of time before the system could be expected to be mature. In addition, the administration should comment about what this would mean for our federal funding.

2. End of MIPAR Contract

In fiscal 2005, the AIDS Administration had 62 full-time equivalent authorized employees. However, the administration had a significant interagency agreement with the Maryland Institute for Policy Analysis and Research (MIPAR) at the University of Maryland, Baltimore County to provide administrative and technical support services for virtually every aspect of the AIDS Administration's policies. In fiscal 2005, the contract had the potential employment of up to 87 employees.

Interagency agreements between executive departments and institutions of higher education are neither new nor unusual. However, the MIPAR contract was abnormal because the 87 employees authorized under the contract was the largest number authorized through an interagency agreement. Furthermore, the number of employees working on the MIPAR contract was higher than the number of authorized State employees in the AIDS Administration. Also, the MIPAR employees worked side-by-side with State employees with the same management, pay, and job requirements.

The major difference between the MIPAR employees and the State employees was the benefit package which the General Assembly saw as an issue of equity. During the 2005 legislative session, the General Assembly added budget bill language authorizing the AIDS Administration to create regular positions for the MIPAR employees.

At the beginning of fiscal 2006, the AIDS Administration had 74 MIPAR employees, and the administration made a Board of Public Works request, which was approved, to convert 41 of these employees to PINs. **The AIDS Administration should explain to the committees the reasoning for not pursuing the conversion of the remaining 33 MIPAR positions if they are vital to the operation of the AIDS Administration.**

Currently, the AIDS Administration has 100 authorized regular positions and 33 MIPAR employees. The fiscal 2007 allowance eliminates the MIPAR contract without converting any of the MIPAR employees to State employees. The conclusion of the MIPAR contract would mean a loss of 33 positions working in the AIDS Administration offices that are not counted as regular or contractual employees because the positions are paid through the MIPAR contract. These positions comprise about a quarter of all the employees working in the AIDS Administration offices. The fiscal 2007 allowance keeps the funds that paid for the MIPAR contract in the budget, but instead of paying salaries, the \$1.7 million will be spent on direct services. Exactly how these are spent is at the discretion of the AIDS Administration.

The AIDS Administration should comment about how the end of the MIPAR contract will affect the programs at the AIDS Administration. Also, the AIDS Administration should provide information about how they plan to expand direct services.

3. Federal Fund Spend Down

In the 2005 *Joint Chairmen's Report* (JCR), the General Assembly restricted \$100,000 in general funds until the AIDS Administration submitted a report to the budget committees detailing proposals to appropriately spend down the surplus of federal funds. The report was to be submitted by December 1, 2005. However, the budget committees did not receive the report until the end of January 2006.

The report did not "...include out-year estimates of surplus in federal funds, program proposals, as well as any progress in the implementation of these programs," as was specified in the 2005 JCR. Instead, the report details how the AIDS Administration spent excess funds from December 2004 through March 2005.

The report explains that in fiscal 2004 the administration received \$13 million more than expected in federal funds. Between December 2004 and March 2005, the AIDS Administration was able to spend down almost \$12.5 million of the higher than expected attainment using \$3 million during fiscal 2005 on direct services and \$9.5 million in additional ADAP services. Also, significant expenditures occurred by increasing access to prescription medications through MADAP (with special emphasis on Prince Georges County and the Eastern Shore) and increasing enrollment in the State's high-risk insurance pool through outreach.

Based on the AIDS Administration's projections, surplus federal funds will be completely depleted by June 2007. The report did not include any detail about funds accrued due to over attainment. In addition, the report does not specify how the AIDS Administration plans to spend down federal funds through June 2007. **The department should share with the committees the detailed information about how much carry-over the AIDS Administration currently has and how much it expects to have in the upcoming years. Also, the department should share with the committees the specific plans for depleting the surplus federal funds by June 2007.**

The carry-over fund balances include rebates on drug expenditures because the State has been spending more on drugs which means the State receives larger rebates. The fiscal 2007 allowance includes an accounting change that would have the rebate funds going to the Treasurer's office rather than the AIDS Administration. **The department should comment about how this accounting change will affect the AIDS Administration's current plan to spend down the carry-over funds.**

4. HIV/AIDS in Correctional Facilities

In the 2005 JCR, the General Assembly restricted \$100,000 in general funds until the AIDS Administration submitted a report to the budget committees on the efficacy of current prevention programs aimed at stopping the transmission of HIV/AIDS in correctional facilities. The report was to be submitted by December 1, 2005, but as of February 4, 2006, the report had not been submitted to the budget committees.

According to the AIDS Administration, there are several prevention projects focused on the corrections system with total expenditures of over \$1.4 million. The data proves the need for ensuring that these prevention projects within correctional facilities are effective because, as shown in Exhibit 1, the corrections system has the third largest concentration of persons living with HIV and AIDS within Maryland. A 2004 publication from the U.S. Department of Justice's Office of Justice Programs noted that in 2001, 3.5% of Maryland inmates were known to be HIV positive. Only New York, Rhode Island, and Florida had higher rates. For confirmed AIDS cases, the figure was 0.9% of the inmate population, higher than all but five other states.

The department should explain the reason a report was not provided to the committees as requested, and the department should indicate when the report will be submitted.

Recommended Actions

1. Add the following language to the Federal Fund Appropriation:

, provided that \$1,700,000 of this appropriation for unspecified direct services may not be expended until the Administration submits a report to the budget committees detailing how the funds will be spent and the budget committees have 45 days from the receipt of the report to review and comment.

Explanation: The fiscal 2007 allowance terminated the MIPAR contract and instead of removing the funds from the AIDS Administration’s budget, allocated the \$1.7 million for unspecified direct services. The language withholds the funds pending the receipt of a report providing a plan for how the funds will be spent on direct services.

Information Request	Author	Due Date
Plan for spending \$1.7 million for direct services	AIDS Administration	45 days prior to release of funds

Current and Prior Year Budgets

Current and Prior Year Budgets AIDS Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2005					
Legislative Appropriation	\$5,668	\$80	\$48,119	\$0	\$53,867
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-134	27	8,225	0	8,117
Reversions and Cancellations	0	-374	-177	0	-550
Actual Expenditures	\$5,534	-\$267	\$56,167	\$0	\$61,434
Fiscal 2006					
Legislative Appropriation	\$4,878	0	\$111	0	\$48,928
Budget Amendments	24	0	0	0	24
Working Appropriation	\$4,902	\$111	\$48,928	\$0	\$53,941

Note: Numbers may not sum to total due to rounding.

Fiscal 2005

In fiscal 2005, the AIDS Administration spent \$61.4 million, which is \$7.6 million more than the legislative appropriation. General funds decreased by \$134,438 mainly due to decreased expenditures for the MIPAR contract.

Special funds increased by \$27,106 to cover the increased cost of human services contracts owed and applicable to prior fiscal years; however, the AIDS Administration cancelled \$373,513 in special funds. As a result, the administration ended fiscal 2005 with a special fund deficit of \$267,000 due to funds reverted from grants initially provided through federal funds.

Most of the increase is federal funds (specifically, the HIV Care Formula Grants) increased \$2,150,000 due to the increased cost of human service contracts, and MADAP increased \$6,074,555 due to the increased cost of medicine and drugs. The AIDS Administration cancelled \$176,555 in federal funds due to an overestimate of the federal fund appropriations.

Fiscal 2006

The AIDS Administration's working appropriation for fiscal 2006 contains \$23,752 more in general funds than the legislative appropriation as a result a transfer from DBM to pay for cost-of-living adjustments.

Audit Findings

Audit Period for Last Audit:	February 7, 2001 through April 13, 2004
Issue Date:	November 4, 2004
Number of Findings:	4
Number of Repeat Findings:	0
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

Finding 1: The administration did not adequately segregate duties over the processing of payments to pharmacies and insurance carriers. The administration concurred with the finding and recommendation.

Finding 2: The administration had not established procedures to ensure that pharmacies were paid only for prescriptions filled and provided to clients. The administration concurred with the finding and recommendation.

Finding 3: The administration did not adequately monitor disbursements made by a contractor or adequately oversee compliance with contract requirements. Additionally, certain contract terms did not fully protect the State's interest. The administration concurred with the finding and recommendation.

Finding 4: Internal control over cash receipts was inadequate. The administration concurred with the finding and recommendation.

**Object/Fund Difference Report
DHMH – AIDS Administration**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	62.00	100.00	97.00	-3.00	-3.0%
Total Positions	62.00	100.00	97.00	-3.00	-3.0%
Objects					
01 Salaries and Wages	\$ 3,577,257	\$ 5,179,857	\$ 6,361,146	\$ 1,181,289	22.8%
03 Communication	95,475	99,311	94,501	-4,810	-4.8%
04 Travel	28,598	95,582	62,350	-33,232	-34.8%
07 Motor Vehicles	9,672	11,050	10,040	-1,010	-9.1%
08 Contractual Services	32,753,455	24,505,218	24,684,694	179,476	0.7%
09 Supplies & Materials	24,578,341	23,967,654	36,769,320	12,801,666	53.4%
10 Equip – Replacement	35,420	0	0	0	0.0%
11 Equip – Additional	7,270	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	262,356	0	262,356	262,356	N/A
13 Fixed Charges	86,153	82,184	87,150	4,966	6.0%
Total Objects	\$ 61,433,997	\$ 53,940,856	\$ 68,331,557	\$ 14,390,701	26.7%
Funds					
01 General Fund	\$ 5,533,921	\$ 4,902,022	\$ 10,665,816	\$ 5,763,794	117.6%
03 Special Fund	-266,725	111,052	50,631	-60,421	-54.4%
05 Federal Fund	56,166,801	48,927,782	57,615,110	8,687,328	17.8%
Total Funds	\$ 61,433,997	\$ 53,940,856	\$ 68,331,557	\$ 14,390,701	26.7%

MOOF04 – DHMH – AIDS Administration

Appendix 3

**Fiscal Summary
DHMH – AIDS Administration**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
G101 Executive Direction	\$ 588,479	\$ 272,531	\$ 441,198	\$ 168,667	61.9%
G102 Exec Dir - Prevention Cooperative Agree (Ff)	207,041	341,836	1,157,213	815,377	238.5%
G104 Surveillance	194,484	135,441	84,336	-51,105	-37.7%
G198 Prior Years Grant Activity	-266,725	5,127	5,127	0	0%
G201 Epidemiology & Health Services Research	82,454	76,787	80,597	3,810	5.0%
G202 EPI & Health Svcs - Prevent Coop Agree (Ff)	1,296	2,763	2,370	-393	-14.2%
G204 EPI & Health Svcs - Ryan White (Ff)	260,573	90,872	6,696	-84,176	-92.6%
G301 Planning & Evaluation	0	0	0	0	0%
G401 Surveillance	141,613	136,857	62,126	-74,731	-54.6%
G403 Surveillance - Surveillance Coop Agree (Ff)	1,926,271	1,612,764	1,906,636	293,872	18.2%
G413 Aids - Antiretroviral Surveillance	410,000	104,645	148,480	43,835	41.9%
G423 Aids - Surveillance Evaluation	61,378	0	0	0	0%
G433 Eval. Web - Based HIV Risk Behavior	144,360	136,474	191,911	55,437	40.6%
G443 Unknown Title	231,530	0	68,528	68,528	
G501 HIV Health Services	1,714,305	1,839,407	1,633,183	-206,224	-11.2%
G504 HIV Health Svcs - Ryan White (Ff)	12,467,257	8,858,968	9,674,513	815,545	9.2%
G505 HIV Health Svcs - HRSA Pediatric Svcs (Ff)	1,028,406	985,787	1,011,756	25,969	2.6%
G507 HIV Health Svcs - HOPWA Rural (Ff)	378,910	456,568	326,984	-129,584	-28.4%
G511 HIV - MADAP/MAIAP Programs	1,253,804	1,059,540	1,124,553	65,013	6.1%
G514 HIV - Ryan White Programs	25,571,424	25,004,215	38,113,914	13,109,699	52.4%
G517 Unknown Title	200,860	0	205,495	205,495	
G525 Unknown Title	593,640	365,401	338,356	-27,045	-7.4%
G601 Education & Training	728,496	631,456	447,279	-184,177	-29.2%
G602 Education & Trng-Prevent Coop Agree (Ff)	6,588,638	5,664,938	5,334,132	-330,806	-5.8%
G606 Aids - SAMHSA (Ff)	596,475	309,829	433,324	123,495	39.9%
G701 Prevention Programs	1,012,047	905,860	896,779	-9,081	-1.0%
G702 Prev Programs- Prevent Coop Agree (Ff)	5,038,227	4,942,790	4,090,455	-852,335	-17.2%
G706 Prevention – MSM/Drug Users	278,754	0	262,830	262,830	
G709 Education – Alcohol and Drug Users	0	0	282,786	282,786	
Total Expenditures	\$ 61,433,997	\$ 53,940,856	\$ 68,331,557	\$ 14,390,701	26.7%
General Fund	\$ 5,533,921	\$ 4,902,022	\$ 10,665,816	\$ 5,763,794	117.6%
Special Fund	-266,725	111,052	50,631	-60,421	-54.4%
Federal Fund	56,166,801	48,927,782	57,615,110	8,687,328	17.8%
Total Appropriations	\$ 61,433,997	\$ 53,940,856	\$ 68,331,557	\$ 14,390,701	26.7%