



Meeting of the
PRIORITY SETTING & RESOURCE ALLOCATION COMMITTEE

Monday, December 17, 2012
Cicatelli Assoc., 505 Eighth Avenue, 19th Floor
3:15– 5:00 pm

MINUTES

Members Present: Marya Gilborn (Co-chair), Sam Rivera (Co-chair) Victor Benadava, Felicia Carroll, Nancy Cataldi, Robert Cordero, Peter Laqueur, Deb Marcano, Hilda Mateo, Amanda Lugg, Jan Carl Park, Tom Petro, Dena Rakower, Allan Vergara, Dorella Walters

Other Council Member Present: Randall Bruce

Members Absent: Sharen Duke, Joan Edwards, Graham Harriman, Tracy Douglas Neil, Leonardo Vicente III

Staff Present: David Klotz, Amber Casey, Rafael Molina (DOHMH); Gucci Kaloo (Public Health Solutions)

Agenda Item #1: Welcome/Introductions/Moment of Silence/Minutes

Ms. Gilborn opened the meeting followed by introductions and a moment of silence. *Mr. Park* introduced *Mr. Rivera* as the new PSRA co-chair. The minutes of the July 18, 2012 meeting were approved with no change.

Agenda Item #2: FY 2013 Scenario Planning

Mr. Park noted that the funding picture is uncertain with continued negotiations in Washington on the “fiscal cliff”. Regarding federal funding, the City’s HOPWA and CDC grants have both been reduced this year, and Ryan White Parts C and D have also sustained cuts, and so the PSRA should be prudent in its planning.

Mr. Kaloo reviewed a spreadsheet showing a flat funding scenario, based on the FY 2013 application spending plans approved by PSRA and the Council last summer. The Plans reflect updated and projected carrying costs for FY 2013. The FY 2013 carrying costs differs from the approved Year 2012 Plans in the following ways:

Base: ADAP restored by \$2,768,244 in order to fund at its full amount; Care Coordination (CC) reduction of \$34,792 resulted from discontinuing a training program and one CC contract was negotiated for less; Harm Reduction (HR) reduced by \$830,791 - \$232K higher compared to the previous version of

the Plan due to a contract termination (the lower carrying cost is the result of an overall reduction of \$179,200 to the training allocation within this category for 2013; the additional reduction of \$651,591 comes from reductions to subcontracts stemming from removal of Low Threshold services to HIV negative clients as well as a contract termination and shifts/increases to the Testing/EIS portion of several contracts); Outpatient “Bridge” Medical Care (OBMC) allocation is being reduced by \$338,628 due to contract terminations; very small reductions to Legal (\$1) and Home Care (\$4) from contract negotiations. MAI: there is a very small reduction to EIS (\$323) from contract negotiations.

Uncommitted funds from the above categories (with the exception of the recent additional \$232,020 from a terminated HR contract) were reallocated by PSRA in the FY 2013 application spending plan to permanently enhance Food and Nutrition (\$413,000), Housing (\$235,196), and Supportive Counseling (\$324,000). Options for PSRA to consider in a flat funding scenario regarding the additional uncommitted HR funds include: leaving it in HR, applying it to the ADAP allocation (i.e., reducing the upfront ADAP reduction by \$232,020), or reallocating it to another service category.

In response to a question from *Ms. Cataldi*, *Mr. Kaloo* explained that the Quality Management (QM) allocation was reduced by close to \$500,000 when the MAI portion of QM was eliminated two years ago. In response to a comment from *Mr. Benadava*, *Mr. Park* said that QM reports its activities to the Needs Assessment and Integration of Care Committees, but can report more broadly to the full Council.

There was a discussion of the additional \$232,020 in uncommitted HR funds and whether the contract termination had resulted in a loss of service. The contract was terminated for not providing services, but had been originally awarded because the provider identified a target population in need of service. *Mr. Cordero* and *Mr. Rivera* stressed that more needed to be known about any potential gap in service before reallocating the funds to another service category. As there are no live proposals to fund, if the funds were kept in HR, DOHMH and Public Health Solutions would have to develop criteria for permanent (on-going) enhancements to existing HR contracts. There is precedence for this kind of action, as it was done with Mental Health programs in a recent funding cycle.

A motion was made and seconded to leave the additional funds for now in HR in a flat funding scenario. If there is a reduction in the award, PSRA can reassess, based on information on HR service gaps and the State’s ADAP funding needs. **The motion was approved.**

Mr. Kaloo reviewed spending plans with a scenario of an 8.2% cut in funding (based on the amount of an across-the-board cut to non-defense discretionary funds through sequestration). For this exercise, nothing was held harmless (including QM or ADAP). PSRA has the option of holding certain categories harmless if the decision is data-driven and non-conflicted. In an 8.2% reduction scenario, after cuts to Tri-County, administration and QM, and with ADAP at full funding, there would be a deficit of \$10M for programs. To make up the deficit, the minimum proportionate cut (based on the revised PSRA tool rankings) to base programs would be 8.9% (ADAP) and the maximum is 20.8% (Home Care). It is impossible to estimate the number of clients that would lose services in each category, as the costs of services differs, but the percentage cut in funding can be used as a proxy.

In an 8.2% cut scenario with an upfront reduction to ADAP and the elimination of the additional uncommitted HR funds, the minimum cut to programs to make up the deficit is 6.7% (ADAP) and the maximum 15.9% (Home Care).

The following is a summary of the ensuing discussion:

- With a large cut, there is the possibility that some agencies will not be able to sustain a program at all. Providers, DOHMH and Public Health Solutions need to start thinking now about how to handle a large reduction, particularly in the lower ranking categories.

- In a scenario with a severe cut to a category, PSRA and the Council decide on the category allocations, but it would be the responsibility of DOHMH and Public Health Solutions to implement them based on contract performance and other criteria. Eliminating a low performing contract entirely would be one option.
- There needs to be a discussion with the State on their ADAP needs, as we do not know yet if they will sustain a cut to their Part B award.
- If there is a large cut to the award, there could be less under-spending that can be used to restore the upfront reduction to ADAP, which means that the State would be taking a risk by accepting the upfront reduction.
- A possible way to offset the reductions to existing programs is to not reallocate the uncommitted funds that have been designated to enhance the Food & Nutrition, Housing and Supportive Counseling categories.
- PSRA should prepare for the possibility of even more drastic reductions, given that the EMA once sustained a 12% cut in a year without sequestration.
- A minor cut (e.g., 2%) could be absorbed relatively easily (e.g., through the upfront reduction to ADAP). It is not worth spending time considering such small reductions.
- PSRA can decide that below a certain threshold (e.g., 5%), cuts can be made to specific categories, rather than using the formula to make proportionate cuts across all service categories.
- It is important for PSRA to develop a methodology in advance of the grant award, otherwise the planning for a final spending plan will be chaotic. This is the importance of this scenario planning exercise.

There was a consensus to review reduction scenarios of 4%, 8% and 12%. Questions to consider include: 1) holding harmless any allocations; 2) the amount of an upfront reduction to ADAP (to be restored through reprogramming); and 3) allocating the uncommitted funds (both the amount decided on in the application plan and the additional funds from HR).

Agenda Item #3: Other Business

The Committee set the regular meeting time for the second Monday of each month from 3-5pm. The next meeting will be on January 14, 2013.

There being no further business, the meeting was adjourned.