



Meeting of the
PRIORITY SETTING & RESOURCE ALLOCATION COMMITTEE

Monday, June 10, 2013
Cicatelli Assoc., 505 Eighth Avenue, 20th Floor
2:10– 5:00 pm

MINUTES

Members Present: Marya Gilborn (Co-Chair), Sam Rivera (Co-chair), Randall Bruce, Felicia Carroll, Amber Casey (for Graham Harriman), Nancy Cataldi, Robert Cordero, Sharen Duke, Joan Edwards, Peter Laqueur, Amanda Lugg, Deb Marcano, Hilda Mateo, Jan Carl Park, Tom Petro, Dena Rakower, Allan Vergara, Dorella Walters

Members Absent: Tracy Douglas Neil, Leonardo Vicente III

Additional Council Members Present: David Martin, Kimberleigh Smith

Staff Present: David Klotz, Darryl Wong, Rafael Molina, John Rojas, Anna Thomas (DOHMH); Gucci Kaloo, Bettina Carroll, Peter Chea, Ryan Rasmussen (Public Health Solutions)

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

Ms. Gilborn and Mr. Rivera opened the meeting followed by introductions. *Mr. Bruce* led the moment of silence. The draft minutes of the May 13, 2013 meeting were approved no corrections.

Agenda Item #2: Public Comment

Teresa Galvin: Part A Home Care Services are still a critical part of the continuum of care, have no other payers for these services and serve some of the most ill clients on the HIV spectrum, meeting them in their homes and having a great impact on keeping them in medical care.

Kimberleigh Smith: Given the difficult task of reducing the budget by such a large amount, I urge the PSRA to use objective data and to consider targeted reductions to Medical Case Management, which is the largest component of the portfolio. The need for this service will be impacted by the roll out of Health Homes.

Jim Shields: I urge PSRA to continue its strong support of Food and Nutrition Services (FNS) and to maintain the enhancement to this category recommended in the scenario plan approved this winter. At a time when many PLWHA are coming to us for help and costs are rising, the enhancement recognizes the vital role that FNS plays in keeping people healthy and connected to primary care.

Agenda Item #3: FY 2013 Spending Plan

Mr. Park prefaced the discussion with a reminder of the Council's conflicts of interest guidelines.

Ms. Gilborn summarized the situation regarding the expected 14.75% reduction in the FY 2013 grant award that HRSA has informed the EMA it will receive, based on a recalculation of the Hold Harmless provision and cuts due to sequestration. *Ms. Casey* added while the EMA is looking into contesting the cut, it is likely to stand. In addition, the Hold Harmless provision disappears next year, sequestration continues, and there is a new TGA that is being funded. Next year's award will depend on Congress' appropriation along with these factors.

Mr. Kaloo reviewed the spreadsheet showing a 14.75% reduction, based on the scenario plan approved by PSRA and the Council in February. Since then, Public Health Solutions has completed FY 2013 contract renewals and identified an additional \$2.8M in savings in the carrying cost of programs (from MCM, Harm Reduction, Housing, and Early Intervention). This comes on top of \$972,196 in uncommitted funds identified last year, which the Council, in its application spending plan, reallocated to enhance three over-performing categories (FNS, Housing, and Supportive Counseling and Family Stabilization (SCF)).

With a 14.75% reduction in the overall grant award, grant administration (10% of the total award) is reduced by about \$1.6M. This funds all grantee and master contractor expenses in managing the portfolio and fulfilling HRSA administrative mandates. The amount also includes the Planning Council support budget, and staff is working to identify savings over the course of the year. In response to questions from PSRA members, *Ms. Casey* said that the grantee is also looking to find savings in the Quality Management allocation (legislatively set at \$3M or 5% of the grant, whichever is less). QM supports eShare (needed for mandated reporting), CHAIN, and quality improvement measures that are required by HRSA. Any savings from QM can be used to further offset cuts to programs.

The Committee was informed that the preliminary FY 2012 close-out report shows that there is about \$2.5M in carry-over. In December 2012, PSRA and the Council approved a preliminary carry-over request for up to 5% of the award to be used in FY 2013 for ADAP. The carry-over is typically approved late in the year when most contractors cannot absorb it, which is why ADAP has usually received an enhancement above its original allocation (on top of the upfront reduction that is restored through reprogramming). Some PSRA members expressed concern that the EMA would not be able to fulfill its commitment to restore the \$2,768,244 upfront reduction to ADAP. While there is a risk that HRSA may keep under-spending to reallocate it to other parts of the Ryan White program, it has always been approved in the past. Also, with the reduction in the award, there is a risk that there may not be enough under-spending in the course of the current year to restore the upfront reduction to ADAP. The AIDS Institute has said that they will accept that risk, on top of the proportionate reduction in their allocation due to the cut in the award. **A motion was made, seconded and approved to keep the upfront reduction in ADAP at its previously agreed upon amount.**

Mr. Bruce raised the issue of the sustainability of programs in categories that receive a proportionately large cut. It was agreed that PSRA sets the service category allocation, and that DOHMH and PHS will figure out how to implement the reductions, based on objective, quantifiable performance data to minimize the impact on accessibility of services.

Ms. Gilborn reviewed the proportionate cuts to programs after the additional \$2.8M in uncommitted funds is taken out. With the upfront reduction to ADAP, the minimum cut to programs is 10.52% (for the highest ranked categories), and the maximum cut is 24.75%. PSRA was reminded that \$972K in previously uncommitted funds was reallocated in the application spending plan and in the earlier scenario plan, which looked at up to an 8% reduction. *Mr. Cordero* proposed putting that amount, which is not currently committed to programs, back in the pot of uncommitted funds, which would further mitigate the cuts to all categories. *Mr. Kaloo* pointed out that the reallocated funds (aka "enhancements") have the effect of greatly reducing the cuts to the three enhanced categories (e.g., SCF would effectively receive a 1% cut rather than a 14% cut).

A lively discussion ensued regarding Mr. Cordero's proposal. *Ms. Duke* expressed the strong opinion that the PSRA had already decided to maintain the enhancements in a cut scenario and that the decision should be respected. Points raised during the discussion included:

- The earlier scenario planning did not envision the historic magnitude of cut that the EMA is receiving.
- The enhancements were made as a way of requesting the same amount of funding in the FY 2014 grant application.
- The enhancements were based on the PSRA's assessment of need given data from the CHAIN report, over-performance of contracts, and extensive community testimony.
- The funds are not currently committed to programs, and putting them back into the pot of uncommitted funds helps mitigate cuts to all programs.
- FNS and Housing had substantial increases in their ranking scores, so they will be taking a lower proportionate cut in any scenario.
- Consumers will be negatively affected in any scenario, and it is fairer to protect existing services as much as possible.

Mr. Cordero made a motion, which was seconded, to put the \$972,196 back into the pot of uncommitted funds to offset the reduction in the award. There was discussion on conflicts of interest, with *Ms. Gilborn* pointing out that anyone with a Part A contract in any category stands to gain by further offsetting the cut in the award. There was a consensus that all members would be permitted to vote.

The question was called, the motion restated, and the motion carried 11Y-6N.

There was a discussion on the possibility of making targeted reductions before applying the proportionate cut. There was a consensus that this was not an approach that should be used.

Ms. Walters made a motion to apply the proportionate reduction to the current carrying cost (after the upfront reduction to ADAP). *Ms. Gilborn* offered a friendly amendment that the PSRA and Council give the grantee the authority to apply the formula when the notice of grant award is received so that they can start immediately on contract modifications. The friendly amendment was accepted. **The motion carried unanimously.**

Mr. Klotz reminded the Committee that they must undertake the entire ranking and allocation process for the FY 2014 grant allocation before the end of the planning cycle.

There being no further business, the meeting was adjourned.