



Meeting of the

FINANCE COMMITTEE

January 31, 2008, 3-4pm
40 Worth St., Room 1502B

DRAFT MINUTES

Members in Attendance: Ed Telzak, M.D. (Chair), Alex Brussovansky, Sharen Duke, Jan Carl Park, Ed Viera, Jr.

Staff in Attendance: *DOHMH:* Fabienne Laraque, M.D., Jo Ann Hilger, David Klotz; *MHRA/HIV Care Services:* Rachel Miller, Gucci Kaloo, Peter Chea

I. FY 2007 Third Quarter Report

Dr. Telzak opened the meeting, followed by introductions.

Mr. Kaloo presented the FY 2007 3rd quarter spending report (base funding only). Based on reports received so far, under-spending is 34% as of the end of November, compared to 38% in FY 2006. There are some missing reports due to the change from the URS to AIRS reporting system, which means that spending is probably actually higher. Underspending in some categories that is higher than last year (e.g., Legal Services) is partially due to recent enhancements in those categories.

The report included information on takedowns and enhancements for the first time. Takedowns (from reductions through contract negotiations, terminations, and reductions from under-spending) were mostly from new contracts, which are performance-based, but the takedowns are from the cost-based (start-up) period of those contracts. Cost-based contracts are spending very robustly, and this is driving the low overall under-spending. Even the “worst-case scenario” estimates of under-spending from the final quarter from performance-based contracts is less than the ADAP pool is expected to be able to absorb.

Mr. Kaloo pointed out that the budget is overcommitted by \$1.4M, but that this is expected to be covered by impending underspending-related takedowns. The \$1.4 million is the amount the EMA applied to carry over from this year to next, which HRSA required two months before the end of the fiscal year. It is an estimate equivalent to 2% of our formula grant, the maximum carryover that HRSA will approve. The Planning Council had voted to use carryover for the ADAP drug reimbursement pools and the Pools agreed to take the money during the current

fiscal year, with the understanding that next year it would also be able to take any additional underspending approved as carryover.

Other highlights of the discussion were:

- Ms. Duke commented that, in her organization's experience, some of the take-downs in performance-based contracts were due to impediments presented by MRHA contract managers' rigid understanding of reporting and monitoring. She suggested that a work group of contractors and high level MHRA staff is needed to solve the challenges of the new payment and reporting system. Ms. Miller reminded the group that a Contractor Advisory Group consisting of Ryan White and other contractors already exists, and has been talking about the implementation of performance-based contracts all year, but she would take the suggestion seriously after the end of the fiscal year.
- Takedowns need to be done in a timely manner so that the reprogramming plan can be implemented. Takedowns are pooled together and then redistributed through enhancements, with service categories capped at 10% as per Council guidance. There are additional take-downs planned before the end of the fiscal year (2/29).
- The grantee is "incentivizing" reporting by basing takedowns on most recently reported data. They are also moving up the reporting period so that the information is available sooner. MHRA and Data Link are working to improve reporting tools.
- In recent years, there has been high spending in the final quarter, but that was in cost-based contracts (which are still the majority of the portfolio). It is unclear how spending will change in performance-based contracts, but contractors will have the opportunity to reconcile cumulative payments against their records, with the likely result of strong fourth-quarter billings.

The spending report will be updated before the February 21st Council meeting. With additional reports, it is expected to show that the spending rate is even higher.

The minutes of the December 3, 2007 meeting were approved.

The next meeting will be a conference call to discuss the MAI 2nd quarter spending report on Thursday, March 27th, 3pm.

The next in-person meeting, to discuss the FY 2007 base close-out and to continue discussion on MAI reporting, will take place on Thursday, May 22nd, 3-5pm.

There being no further business, the meeting was adjourned.