

COMMITTEE MEETING EXPANDED AGENDA

BUDGET SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES APPROPRIATIONS

Senator Negron, Chair
Senator Rich, Vice Chair

MEETING DATE: Thursday, October 6, 2011

TIME: 8:30 —10:30 a.m.

PLACE: *Toni Jennings Committee Room, 110 Senate Office Building*

MEMBERS: Senator Negron, Chair; Senator Rich, Vice Chair; Senators Gaetz, Garcia, Oelrich, Richter, and Sobel

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Update on AIDS/HIV Drugs Assistance Program (ADAP), by Department of Health		
2	Cost Containment Plan by the Agency for Persons with Disabilities Mike Hansen, Director		
3	Return on Investment (ROI) Studies in Health and Human Services		
	Public Testimony		
	Other Related Meeting Documents		



**Florida AIDS Drug Assistance Program
Fact-Sheet Update
September 2011**

The Florida AIDS Drug Assistance Program (ADAP) is a federal and state funded program that ensures that low-income, uninsured or underserved individuals living with HIV/AIDS in Florida have access to life-saving medications. Florida ADAP works primarily through the 67 county health departments to deliver life-saving treatment and medications. The program is currently serving over 8,500 clients.

ADAP plays a critical role as a safety net to prevent low-income individuals living with HIV/AIDS from becoming extremely ill and being treated in hospital emergency departments, resulting in much higher costs to the state.

The goal of Florida's ADAP is to provide medications, disease management training and information to clients in a cost-effective way. In addition to HIV/AIDS treatment medications, the formulary includes medications for the treatment of HIV-related opportunistic infections. New medications for HIV treatment are added to the program formulary as they become available and as funding allows.

As the number of people living with HIV increased in the U.S., largely due to advances in HIV treatment, so did the need for prescription assistance. Between 2008–2010, Florida ADAP experienced a 25% increase in client enrollment. This programmatic growth was due to the national, four year economic down turn. In addition, increased HIV testing, new HIV treatment guidelines recommending early initiation of treatment, new medications that expand existing medication regimens, and improved outreach efforts linking patients into care have contributed to increased demand. Meanwhile, federal appropriations barely rose, state allocations remained flat and drug costs continued to climb.

In July 2009, the Florida AIDS Insurance Continuation Program (AICP)—a program funded with both General Revenue and Ryan White funds—which pays monthly health insurance premiums for individuals who meet the medical criteria of AIDS or HIV positive symptomatic disease, instituted a delay-in-service waiting list for all new enrollments. AICP has 332 clients currently on the waiting list. This cost containment measure resulted in an additional demand for ADAP services, as many of those placed on the AICP waiting list were waived into the program.

ADAP could not keep pace with this unprecedented demand for services and on June 1, 2010, was forced to join nine other states in implementing a wait list. In addition, on August 1, 2010, the program reduced the ADAP formulary by 50%. Pregnant women, pediatric or

adolescent individuals who meet all other ADAP enrollment criteria and who are not eligible for other programs are exempt from being placed on the waiting list and are immediately enrolled for services.

Florida ADAP has worked with federal and state government officials as well as statewide community partners to secure additional resources. ADAP program offices around the nation with similar funding challenges were contacted for additional knowledge-based resources and best practices.

Projections at the time indicated that the program would not be able to serve all enrolled clients through March 31, 2011 (the end of the grant year). To cover this gap, in February 2011, ADAP entered into a temporary agreement with Welvista, a non-profit pharmacy based in South Carolina, to provide life-saving medications to approximately 60% of the ADAP clients. Welvista has partnerships with pharmaceutical companies to offer antiretroviral (ARVs) drugs to people in states that have instituted waiting lists for their ADAPs. For the period of February 14 – March 31, 2011, Welvista served 5,403 of Florida ADAP clients, providing an estimated 10,267 prescriptions for a cost of \$23.8 million dollars.

Currently, Florida ADAP is serving an estimated 8,500 clients. As of September 16, 2011, there were 4,184 applicants on the ADAP waiting list. The cost per client has been reduced from \$9,200 to \$8,195 annually.

This year (RW FY 2011/2012), the ADAP Ryan White earmark was increased by \$1 million from the previous year's funding, for a total of \$86.2 million. Additionally, the Bureau of HIV/AIDS applied for and received \$6.6 million in ADAP supplemental dollars, \$1,077,279 in Part B Supplemental dollars and \$6.9 million in ADAP Emergency Relief Funding. The bureau has also redirected an additional \$1 million in General Revenue for ADAP services.

Based on current funding received from HRSA and funding projections, the ADAP is able to serve its existing clients and enroll and serve an additional 1,500 applicants from the ADAP waiting list. In addition, the bureau plans to clear the existing 332 clients from the AIDS Insurance Continuation Program (AICP) waiting list.

AIDS DRUG ASSISTANCE PROGRAM

Anticipated funding for 2011-12

By Funding Source

Federal Grant Funding	STATE Category	HIV/ AIDS Program	Pharmacy Services	County Health Departments	ADAP TOTAL
Salaries and Benefits	010000	410,119	258,375	3,418,836	4,087,330
Other Personnel Services	030000		51,743	106,730	158,473
Expenses	040000	69,431	34,576	244,675	348,682
AIDS Insurance Continuation	100975	5,713,282			5,713,282
Drugs, Vaccines and Other Biologicals	101015		97,140,746		97,140,746
HR Outsourcing	107040	2,848	3,078	18,091	24,017
Total Anticipated Grant Funding		6,195,680	97,488,518	3,788,331	107,472,530

State - General Revenue	STATE Category	HIV/ AIDS Program	Pharmacy Services	County Health Departments	ADAP TOTAL
AIDS Insurance Continuation	100975	6,454,951			6,454,951
Drugs, Vaccines and Other Biologicals	101015		8,500,000		8,500,000
Total Anticipated Funding - GR		6,454,951	8,500,000	0	14,954,951

Estimated Program Funding TOTAL	STATE Category	HIV/ AIDS Program	Pharmacy Services	County Health Departments	ADAP TOTAL
Salaries and Benefits	010000	410,119	258,375	3,418,836	4,087,330
Other Personnel Services	030000	0	51,743	106,730	158,473
Expenses	040000	69,431	34,576	244,675	348,682
AIDS Insurance Continuation	100975	12,168,233	0	0	12,168,233
Drugs, Vaccines and Other Biologicals	101015		105,640,746		105,640,746
HR Outsourcing	107040	2,848	3,078	18,091	24,017
Estimated Program Funding 11-12		12,650,631	105,988,518	3,788,331	122,427,481



agency for persons with disabilities
State of Florida

Agency for Persons with Disabilities Overview

**Budget Subcommittee on Health and
Human Services Appropriations
October 6, 2011**



Rick Scott
Governor

Michael P. Hansen
Director

Legislative Authority

S. 393.062, F.S.: "...the greatest priority shall be given to the development and implementation of community-based services that will enable individuals with developmental disabilities to achieve their greatest potential for independent and productive living, enable them to live in their own homes or in residences located in their own communities, and permit them to be diverted or removed from unnecessary institutional placements..."



Fiscal Year 2011-2012 Cost Analysis

Description		Amount
1.	Baseline Projected Expenditures	\$930,000,000
2.	4% Provider Rate Reduction Savings	(\$36,360,000)
3.	Cost Plan Freeze Reduction Savings	(\$6,885,912)
4.	Projections After Legislatively Mandated Initiatives	\$886,754,088
<p>The HCBS waiver was appropriated \$810,437,372. Projected expenditures reflect an additional \$76.3 million in spending above this appropriation.</p>		
5.	FY 2011-2012 Appropriation	\$810,437,372
6.	Projected Expenditures in Excess of Appropriations	\$76,316,716
7.	Projected Savings from Agency Actions	(\$21,023,531)
8.	Remaining Projected Expenditures in Excess of Appropriations	\$55,293,185

August 19 Cost-Containment Initiatives

Initiative		Estimated FY 2011-2012 Savings
1.	Companion Rate Ratio/Limit Adjustment	\$17,055,318
2.	Allow In-Home Support Services as a Less Costly Option for Personal Care Assistance	\$1,618,171
3.	Transportation Review and Service Limitations	\$1,375,000
4.	Pool Respite Services for Families to Draw from and Reduce Allocation	\$975,042
5.	Total Savings	\$21,023,531

The projected savings from the cost-containment initiatives outlined in the agency plans are expected to be \$21 million. This leaves an additional \$55.3 million in expenditures that require further actions by the agency.

Monthly Surplus/Deficit Report

FY 2011-2012 APD Waiver Expenditures		GR Budget Forecast	Actual Expenditures	Budget Less Expenditures
1	Appropriation	\$ 357,690,175		= GR Budget Minus Actual Expenditures
2	FY 2010-2011 Carry Forward Balance	\$	\$ 10,525,069	
3	July Expenditures	\$ 9,091,015	\$ 9,020,865	\$ 70,150
4	August Expenditures	\$ 29,575,695	\$ 37,177,077	\$ (7,601,382)
5	September Expenditures	\$ 27,504,076	\$ -	\$ -
6	October Expenditures	\$ 29,804,624	\$ -	\$ -
7	November Expenditures	\$ 28,991,745	\$ -	\$ -
8	December Expenditures	\$ 32,209,227	\$ -	\$ -
9	January Expenditures	\$ 27,928,155	\$ -	\$ -
10	February Expenditures	\$ 28,189,313	\$ -	\$ -
11	March Expenditures	\$ 29,005,217	\$ -	\$ -
12	April Expenditures	\$ 29,592,357	\$ -	\$ -
13	May Expenditures	\$ 28,407,418	\$ -	\$ -
14	June Expenditures	\$ 33,419,396	\$ -	\$ -
15	Certified Forward – July	\$ 21,036,621	\$ -	\$ -
16	Certified Forward – August	\$ 1,999,204	\$ -	\$ -
17	Certified Forward – September	\$ 936,111	\$ -	\$ -
18	Total FY 2011-2012 Actual Expenditures	\$ 357,690,175	\$ 56,723,011	\$ (7,531,232)
Total APD Waiver Balance FY 2011-2012		Estimated GR Available by Month	AHCA Invoice Amount	

Next Steps

The agency is moving forward to implement the following:

	Description	Amount
1.	Cost Sharing by the parents of children who are served on the waiver	TBD
2.	Standardized Residential Habilitation—Intensive Behavior rates	\$1,549,764
3.	Residential Fee Collection for Residential Habilitation	TBD
4.	Reduce rates for therapy assessments and all nursing services to the Medicaid State Plan rate	\$1,268,174
5.	Set the agency rate premium to a maximum of 20% above solo rates	\$3,712,169

Administrative Cost-Savings Initiatives

Possible Initiatives

Reduce rent by eliminating the satellite offices.

Streamline field administration by reducing the number of agency area offices and consolidating their administration.

Privatize certain components of Developmental Disabilities Centers.

1 Create Overall Plan



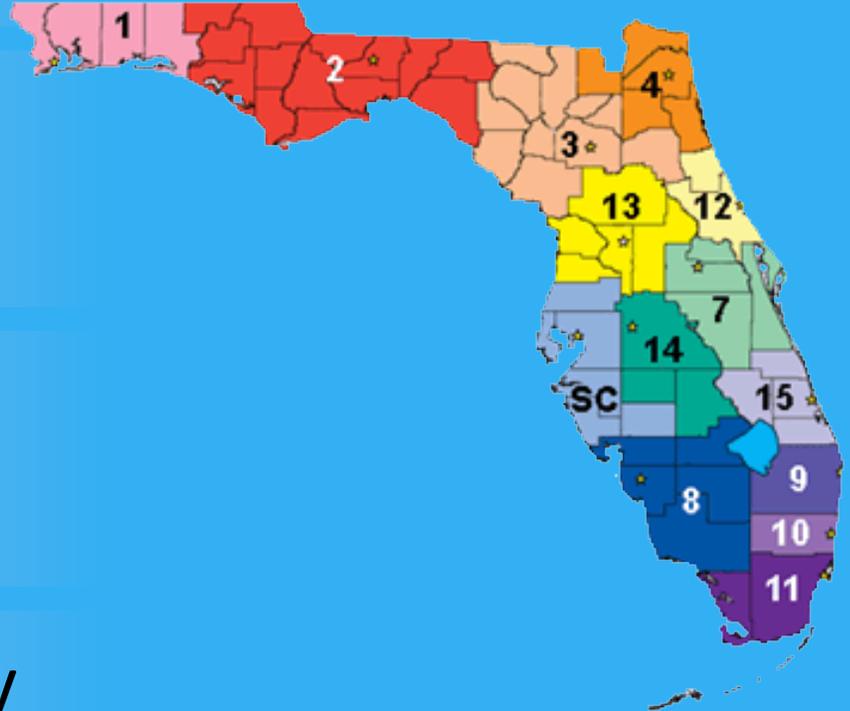
2 Technical/Process



3 Transition Areas 1 & 2

4 Finalize Deployment Strategy

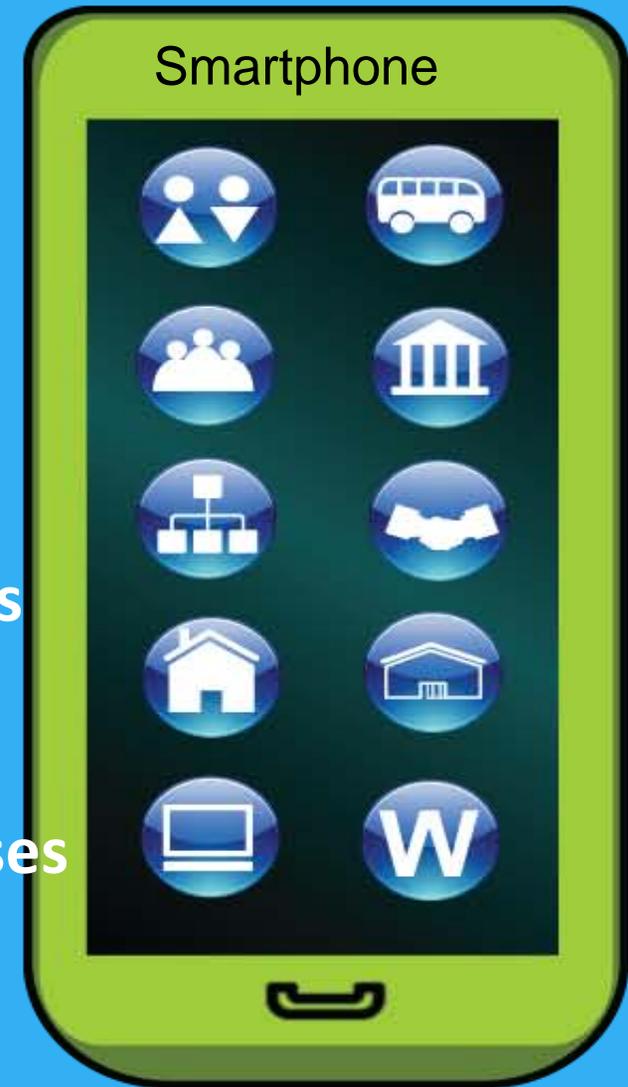
5 Implement in Phases Statewide



Current and Future Service Delivery Systems

Multiple options to fit individual needs

- Families
- Schools
- Nonprofit Agencies
- Foundations
- Religious Organizations
- Community Organizations
- Corporations/Businesses
- Local Governments
- State Agencies
- Waiver





agency for persons with disabilities
State of Florida

Serving Floridians with Developmental Disabilities

Thank You

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Florida: Economic Analysis

October 6, 2011

Presented by:



The Florida Legislature
Office of Economic and
Demographic Research
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Economic Analysis

Economic analysis performs a specific purpose:

- To rank programs on the basis of their financial or economic benefits to the State of Florida, and
- To facilitate the allocation of scarce budget resources to the most productive areas, based on various assumptions and guiding principles.

This type of analysis will not tell you whether a program is well-founded in academic theory, how it can be improved, or whether it represents an appropriate policy or function of the state. In this regard, the individual analyses accept current design and administration as givens.



Legislative Recognition

Chapter No. 2010-101, Laws of Florida, created section 216.138, Florida Statutes, which states:

(1) The President of the Senate or the Speaker of the House of Representatives may request special impact estimating conferences to evaluate legislative proposals based on tools and models not generally employed by the consensus estimating conferences, including cost-benefit, return-on-investment, or dynamic scoring techniques, when suitable and appropriate for the legislative proposals being evaluated.



Use in Economic Development

288.005 Definitions.—As used in this chapter, the term:

(1) “Economic benefits” means the **direct, indirect, and induced gains in state revenues as a percentage of the state’s investment**. The state’s investment includes state grants, tax exemptions, tax refunds, tax credits, and other state incentives. **[ROI using Dynamic Analysis]**

288.904 Funding for Enterprise Florida, Inc.; performance and return on the public’s investment.—

(6) As part of the annual report required under s. 288.906, Enterprise Florida, Inc., shall provide the Legislature with information quantifying the **return on the public’s investment** each fiscal year. Enterprise Florida, Inc., in consultation with the Office of Economic and Demographic Research, shall hire an economic analysis firm to develop the methodology for establishing and reporting the return on the public’s investment and in-kind contributions as described in this section. The Office of Economic and Demographic Research shall review and offer feedback on the methodology before it is implemented. **[Traditional ROI]**

Return-on-Investment

- Policy analysis technique to evaluate the efficiency of an investment
- Results are expressed in percentages or ratios of the financial gains less the investments, divided by the investment amount (alternative calculations are sometimes used --- perspective is important)
- Non-monetary variables are generally not included
- Analyses are usually multi-year
- Costs and benefits projected over time are adjusted for the time value of money, e.g., net present value
- It is possible for a project or program to have a negative return on investment but still be desired (for example, to subsidize an essential activity that wouldn't otherwise have occurred)

Potential Best Usage: Discrete investments with subsequent payoffs where general societal benefits are of negligible concern (e.g., Toll Roads) or to compare the efficiency of a number of different investments (ranking).

Cost-Benefit

- Policy analysis technique to compare the total expected benefits to the total expected costs of a policy change or program in order to see if the benefits outweigh the costs
- Non-monetary variables, such as quality of life, and opportunity costs, such as the best alternative use given up, should be included and quantified into monetary terms if at all possible
- Calculations usually include a specific time dimension
- Costs and benefits projected over time should be adjusted for the time value of money, e.g., net present value
- Results often expressed as a ratio (benefits / costs)

Potential Best Usage: Appropriations or discrete tax changes which may have a significant societal cost or benefit, e.g., Everglades Restoration; feasibility of new projects or plans

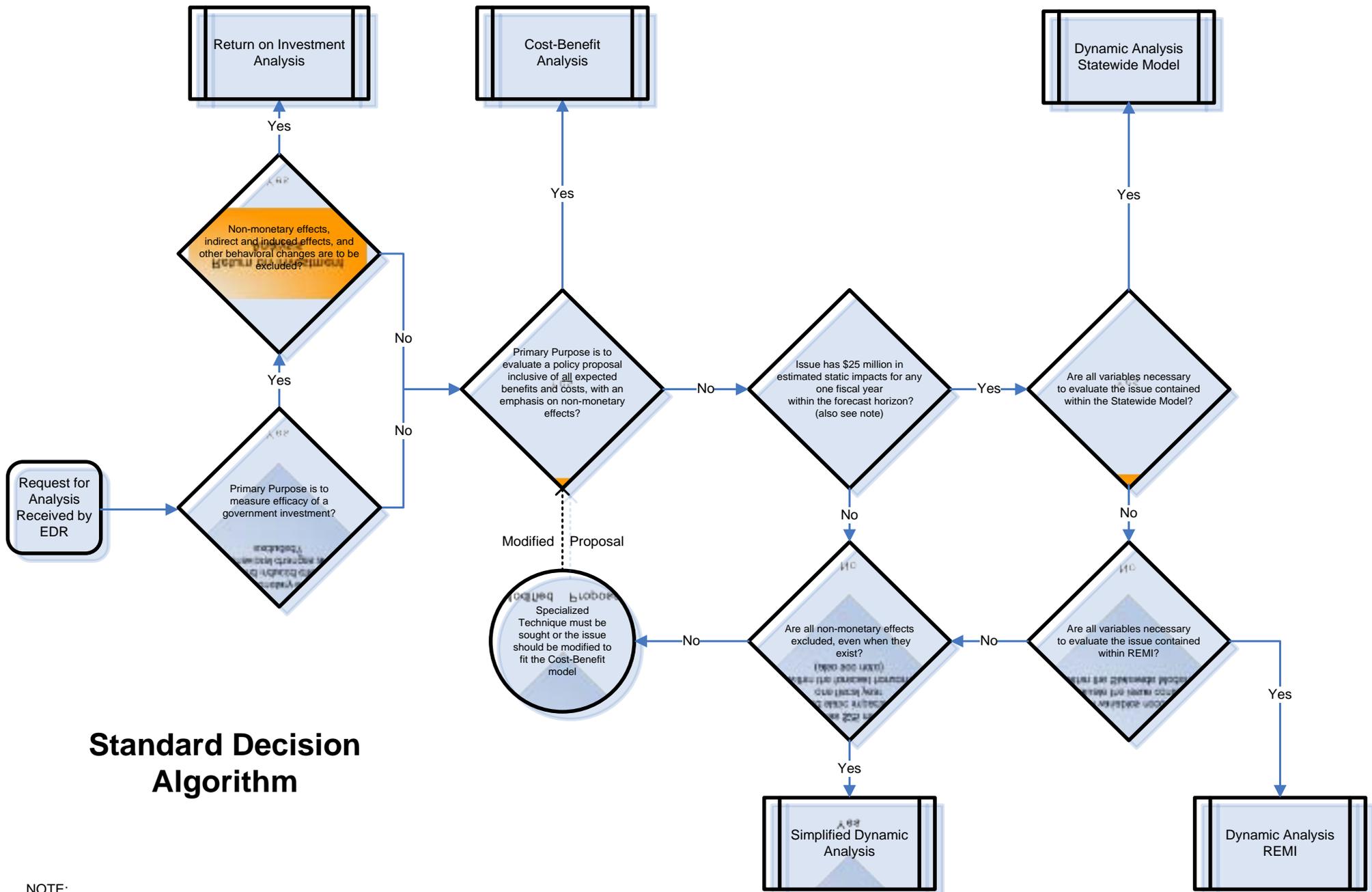
Dynamic Scoring

- Policy analysis technique to evaluate the direct, indirect and induced economic impacts of a policy change
- Predicts and quantifies the impact of changes in fiscal policy (revenue and budget)
 - Projections are relative to a forecast of current policy (baseline)
- Forecasts the behavioral changes of taxpayers or consumers to the proposed policy change
 - Assumes all taxpayers act in a manner that minimizes taxes and maximizes income
 - Assumes all taxpayers or consumers understand the full implications of the proposed policy change and act in their own best interests
- Quantifies the macro-economic impact of the behavioral changes
- Analyses are multi-year

Potential Best Usage: Larger initiatives that will likely have significant statewide economic impacts and will likely change taxpayer or consumer behavior, e.g., elimination of Highway Safety Fees or elimination of a core state program

Economic Analysis Techniques Matrix

Effects	Return on Investment	Cost Benefit	Dynamic Analysis (Statewide Model)
Monetary	✓	✓	✓
Non-Monetary		✓	Limited
Indirect / Induced		Limited	✓
Behavioral Changes		Social Welfare	Economic
Ranking of Alternative Public Investments	Narrowly Defined Using Uniform Criteria	Broadly Defined Using Multiple Approaches	Economically Defined
Size of Proposal or Scope of Review	Any Size	Any Size	Initially: \$25M or more Later: \$10M or more



Standard Decision Algorithm

NOTE:
Failing the first condition, does the issue have a significant effect on macroeconomic variables from within a particular segment of the economy?