



United States General Accounting Office
Washington, DC 20548

Health, Education, and
Human Services Division

B-286131

August 24, 2000

The Honorable Tom A. Coburn
Vice Chair
Subcommittee on Health and Environment
Committee on Commerce
House of Representatives

Subject: Ryan White CARE Act: Title I Funding for San Francisco

Dear Mr. Coburn:

This letter responds to your request for additional information regarding funding for San Francisco under the Ryan White CARE Act. Specifically, you asked that we compare San Francisco's fiscal year 2000 title I grant award, which was determined using the act's hold-harmless provision,¹ with what the award would have been had deceased AIDS cases been included in the calculation. You also asked how funding for San Francisco that was based on the inclusion of deceased AIDS cases would have compared with the amount San Francisco would have received if the fiscal year 2000 hold-harmless level had been reduced by 25 percent.²

In brief, San Francisco's fiscal year 2000 title I grant award would have been 26 percent less had both living and deceased AIDS cases been used to calculate the award instead of the current hold-harmless provision. The reason for this result is the substantial decline in newly reported AIDS cases in San Francisco compared with other eligible metropolitan areas (EMA). Therefore, a 25-percent reduction in the current hold-harmless level would have provided San Francisco with funding comparable to what it would have received if title I grants had been calculated on the basis of both deceased and living cases.

¹The hold-harmless provision limits the amount that the funding of an eligible metropolitan area may decline from its fiscal year 1995 level. From fiscal year 1996 through fiscal year 2000, eligible metropolitan areas were guaranteed that their funding would not decline more than 5 percent below their fiscal year 1995 level.

²Under H.R. 4807, The Ryan White CARE Act Reauthorization Act for 2000, the hold-harmless level would be reduced by 25 percent over 5 years.

This analysis is based on data obtained from the Centers for Disease Control and Prevention and computer models we developed to calculate how funding would change under various formula scenarios. We performed our work in August 2000 according to generally accepted government auditing standards.

BACKGROUND

The Ryan White CARE Act of 1990 provides health care and preventive services to people infected with the human immunodeficiency virus. Prior to the 1996 reauthorization of the act, the number of both living and deceased AIDS cases was used to distribute title I funds among EMAs. Under this practice, areas of the country with the longest experience with the disease had the most deceased cases and therefore received funding disproportionate to their share of living cases in need of care. The 1996 reauthorization eliminated this practice by counting only live AIDS cases.³ The effect of the change was to shift funding away from EMAs with higher proportions of deceased cases and toward those with newly diagnosed cases. As geographic trends in the disease change, the revised formula automatically realigns funding with the current distribution of the disease.

A hold-harmless provision was also included in the 1996 reauthorization to provide for a gradual transition to new funding levels for those EMAs that would otherwise have experienced substantial funding decreases. This provision allowed grant awards for affected EMAs to decline by no more than 5 percent by fiscal year 2000. In fiscal year 1996, four EMAs benefited from the hold-harmless provision: San Francisco, New York, Houston, and Jersey City. By fiscal year 1999, all but San Francisco had made the transition to the new formula.

Under the current title I formula, EMAs receive grant awards that are proportional to the number of living AIDS cases. In fiscal year 2000, Los Angeles had 6.9 percent of all AIDS cases nationally and received 6.7 percent of title I funding. Similarly, Miami had 4.4 percent of all AIDS cases and received 4.3 percent of title I funding. EMAs received \$1,290 in title I funds per AIDS case in fiscal year 2000. However, because of the hold-harmless provision, San Francisco's grant award was substantially higher: it received \$2,360 per AIDS case, or 80 percent more than other EMAs. As a consequence, San Francisco received 6.7 percent of title I formula funding even though it had just 3.8 percent of all living AIDS cases.

RESULTS OF DIFFERENT FUNDING APPROACHES

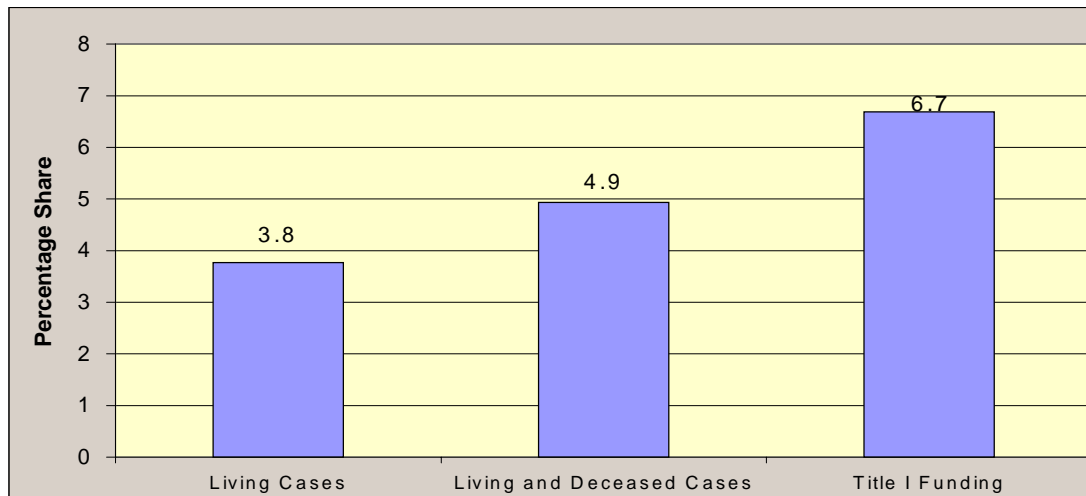
If both deceased and living AIDS cases had been used to calculate fiscal year 2000 title I formula grants instead of the hold-harmless provision, San Francisco's grant would have been about 4.9 percent of all title I formula funding, or 26 percent less

³The 1996 reauthorization also eliminated an AIDS prevalence factor from the calculation of the award. This factor had had the effect of targeting additional aid to EMAs like San Francisco, which had high AIDS prevalence rates as well as large numbers of AIDS cases.

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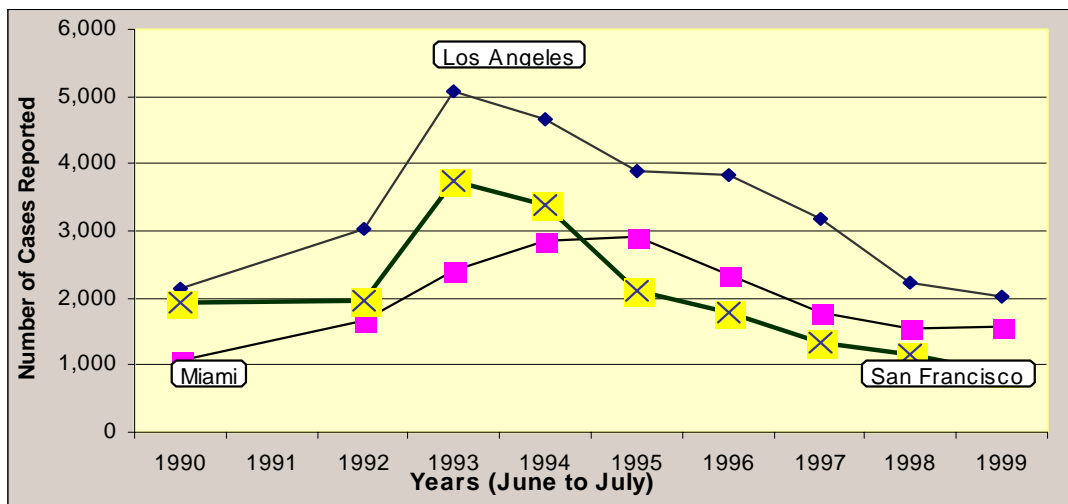
than it actually was (see fig. 1). Thus, a 25-percent reduction in the current hold-harmless level, as provided for in H.R. 4807, would have an effect on San Francisco's funding similar to that of calculating grant awards on the basis of both deceased and living cases.⁴

Figure 1: San Francisco's Share of AIDS Cases and Its Share of Title I Funding, FY 2000



An important reason that San Francisco's share of living AIDS cases is so much lower than its share of title I formula funding is that the rate of new cases has declined to a much greater extent in San Francisco than in almost any other area of the country. As figure 2 shows, San Francisco's newly reported AIDS cases dropped by over 50 percent between 1990 and 1999, while other EMAs have shown either smaller declines (Los Angeles) or increases (Miami).

Figure 2: Reported AIDS Cases in San Francisco, Los Angeles, and Miami, 1990-99



⁴H.R. 4807 provides for a 25-percent reduction in the hold-harmless level over 5 years.

At the start of the decade, Los Angeles and San Francisco were reporting nearly the same number of new AIDS cases (2,130 in Los Angeles and 1,923 in San Francisco). By the end of the decade, San Francisco was reporting half as many new cases as Los Angeles (904 compared with 2,027). Similarly, at the start of the decade, Miami was reporting about half as many new AIDS cases as San Francisco (1,076 in Miami compared with 1,923 in San Francisco). By the end of the decade, Miami was reporting about 70 percent more new cases than San Francisco.

We did not obtain comments from other parties because your request pertains to the formula provisions in the law and not to the activities of any agency or organization.

If you have any questions regarding this letter, please contact me at (202) 512-7118 or Jerry Fastrup at (202) 512-7211. Greg Dybalski and Michael Williams made major contributions to this work.

Sincerely yours,

A handwritten signature in black ink that reads "Janet Heinrich". The signature is written in a cursive, flowing style.

Janet Heinrich
Associate Director, Health Financing and
Public Health Issues

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