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NATIONAL MINORITY AIDS COUNCIL 25 Years Of Building Healthier Communities

October 2012

ISSUE BRIEF

Estimating the Human Impact of Budget Sequestration on HIV/AIDS in the United States in Fiscal Year 2013

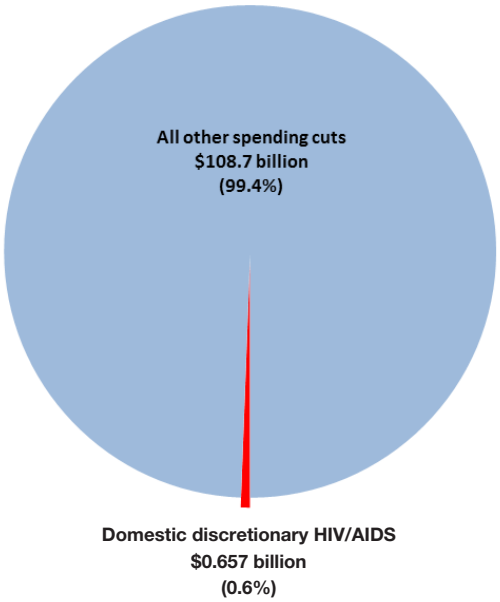
The Budget Control Act of 2011 charges Congress with reducing the federal deficit by $1.2 trillion over the next decade. The bipartisan Joint Select Committee on Deficit Reduction, established under the Act, failed to propose a plan to reduce the deficit by an agreed upon deadline, resulting in an enforcement mechanism of automatic budget cuts in both defense and non-defense spending. The enforcement mechanism is termed "sequestration" and is currently U.S. law. If the law remains unchanged, automatic cuts applied to non-defense discretionary appropriations on January 2, 2013, will impact critical HIV/AIDS programs such as research, prevention, treatment, care, and housing. Cuts will continue each fiscal year until 2021.

This issue brief examines the potential human impact of budget sequestration on the response to the domestic HIV/AIDS epidemic including research, prevention, housing, and treatment programs. The brief also provides an analysis of how HIV-positive minority populations in the U.S. will be harmed by sequestration.

Summary Points

- **15,700 people** will lose ADAP support for HIV treatment
- **5,000 households** that include people living with HIV/AIDS will lose housing support
- **Equivalent of 460 AIDS research grants** will be eliminated
- Major cut in **HIV prevention** services

Figure 1. Cutting Domestic HIV/AIDS Funding Provides Negligble Deficit Reduction in FY2013 but Has Significant Human Impact.



This analysis uses the Office of Management and Budget (OMB) sequestration transparency report estimate of an 8.2 percent reduction in funding for most non-defense discretionary programs during FY 2013 that will result from sequestration.[1]

In September 2012, Congress passed what is commonly referred to as a Continuing Resolution (CR). This occurs when Congress fails to pass regular appropriations bills in order to avoid a shutdown of essential federal government programs. The CR provides federal funding at approximately FY 2012 levels for a specified time period until action on regular appropriations is completed.[2] Due to passage of the CR, this issue brief uses FY 2012 funding levels.

A cut in domestic HIV/AIDS programs of 8.2 percent will have a devastating impact on people living with HIV/AIDS (PLWHA) while providing negligible deficit reduction (Figure 1).[3] It will undercut America's leadership in health research, and will impede the National HIV/AIDS Strategy goals of reducing the rate of new HIV infections, improving access to lifesaving care, and reducing HIV-related health disparities.

HIV/AIDS Treatment

AIDS Drug Assistance Program

The AIDS Drug Assistance Program (ADAP) provides life-saving medication to low-income people living with HIV/AIDS who have limited or no health insurance coverage and meet state-specific income guidelines.

ADAP formularies must include antiretrovirals (ARVs) and drugs to treat opportunistic infections and other chronic conditions. ADAP funds can be used to purchase health insurance or access medical care.

Federal Funding: According to the Health and Human Services (HHS) Congressional Budget Justification, the FY 2013 ADAP budget will cover the cost of serving 236,230 patients, including medication for an estimated 149,592 clients.[4] The cost to the federal government of providing ARVs through ADAP is estimated to be $4,901 per person per year.[5] If the 8.2 percent reduction in federal support for ADAP occurs:

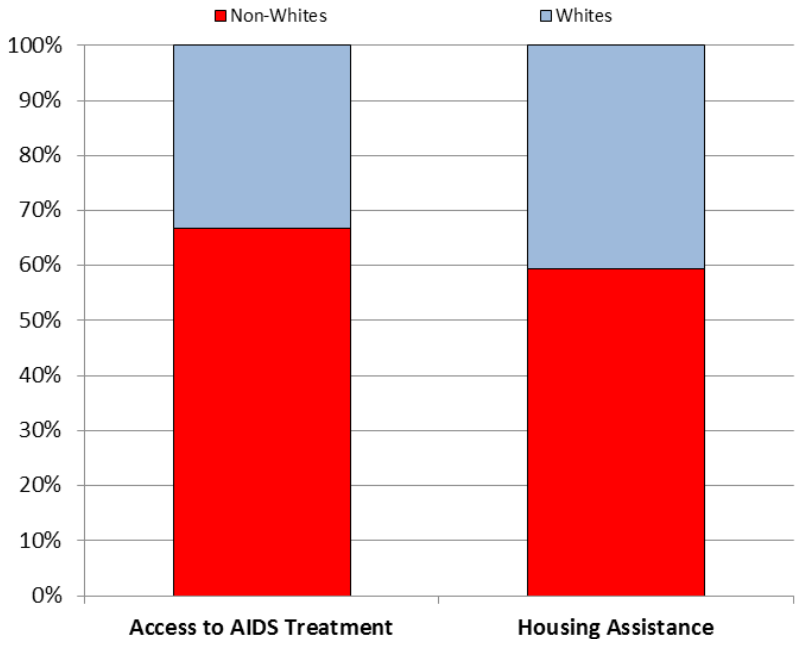
- FY 2013 Sequestration – **15,700** Americans living with HIV and AIDS will lose access to ADAP services.

State Funding: In FY 2011, federal funds accounted for a substantial amount of state-level ADAP budgets, ranging from 26 percent in California to 100 percent in the District of Columbia.[5] Given the multiple AIDS-related and other budget cuts states would face under sequestration, this analysis assumes that when federal support for an ADAP slot is lost, that ADAP slot is not supported with state funds. If sequestration takes place, eight of the most populous states might not have funding to provide ADAP benefits for 500 or more PLWHA (Figure 3).

People of Color: Minority populations served by ADAP will be devastated by sequestration's automatic cuts. Of the 149,592 patients estimated to receive medications through ADAP in FY 2013, 97,235 (65 percent) will be people of color. People of color make up more than 50 percent of ADAP clients in 26 states and the District of Columbia.

Among states that rely more heavily on federal funds to support their ADAP programs, racial minorities account for a high percentage of ADAP clients. Eleven of the 15 states with the highest federal ADAP shares, and thus likely to be most severely affected by sequestration, are among among the 15 states with the highest proportion of minority ADAP clients.[5]

Figure 2. People of Color Living with HIV/AIDS Disproportionately Lose Services by Cutting Domestic Programs in FY 2013.



If sequestration takes place in January 2013, the 8.2 percent reduction in federal support for ADAP will mean that:

- FY 2013 Sequestration – More than **10,500 people of color** living with HIV and AIDS will lose ADAP AIDS treatment benefits.

Housing Assistance

Housing Opportunities for Persons with AIDS

The Housing Opportunities for Persons with AIDS Program (HOPWA) provides housing assistance and related supportive services to people living with AIDS who are unable to afford housing. HOPWA funds may be used for a wide range of housing, social services, program planning, and development needs including the acquisition, rehabilitation, or new construction of housing units, costs for facility operations, rental assistance, and short-term payments to prevent homelessness. HOPWA funds may also be used for health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services.

Research demonstrates a direct relationship between improved housing status and reduced HIV risk behaviors. Homeless or unstably housed individuals are up to six times more likely to share needles, exchange sex for money or drugs, or use drugs than

people in stable housing.[6] Stable housing can also lead to improved adherence to HIV/AIDS drug treatment regimens, which lower viral load and reduce the risk of transmission.[7]

The FY 2012 budget appropriated $332 million for HOPWA. It is estimated that 60,000 households will be assisted by the HOPWA program in FY 2013, including 25,000 households continuing to receive permanent housing support and 35,000 households provided with short-term or transitional housing assistance. An 8.2 percent cut in funding for HOPWA as a result of sequestration will mean that:

- FY 2013 Sequestration – **2,100** fewer households will receive permanent housing and **2,900** fewer households will receive short-term assistance to prevent homelessness.

People of Color: People of color served by HOPWA will be seriously affected by sequestration. Of the 5,000 households that will be removed from the HOPWA program under sequestration, nearly 60 percent will be racial minority households.

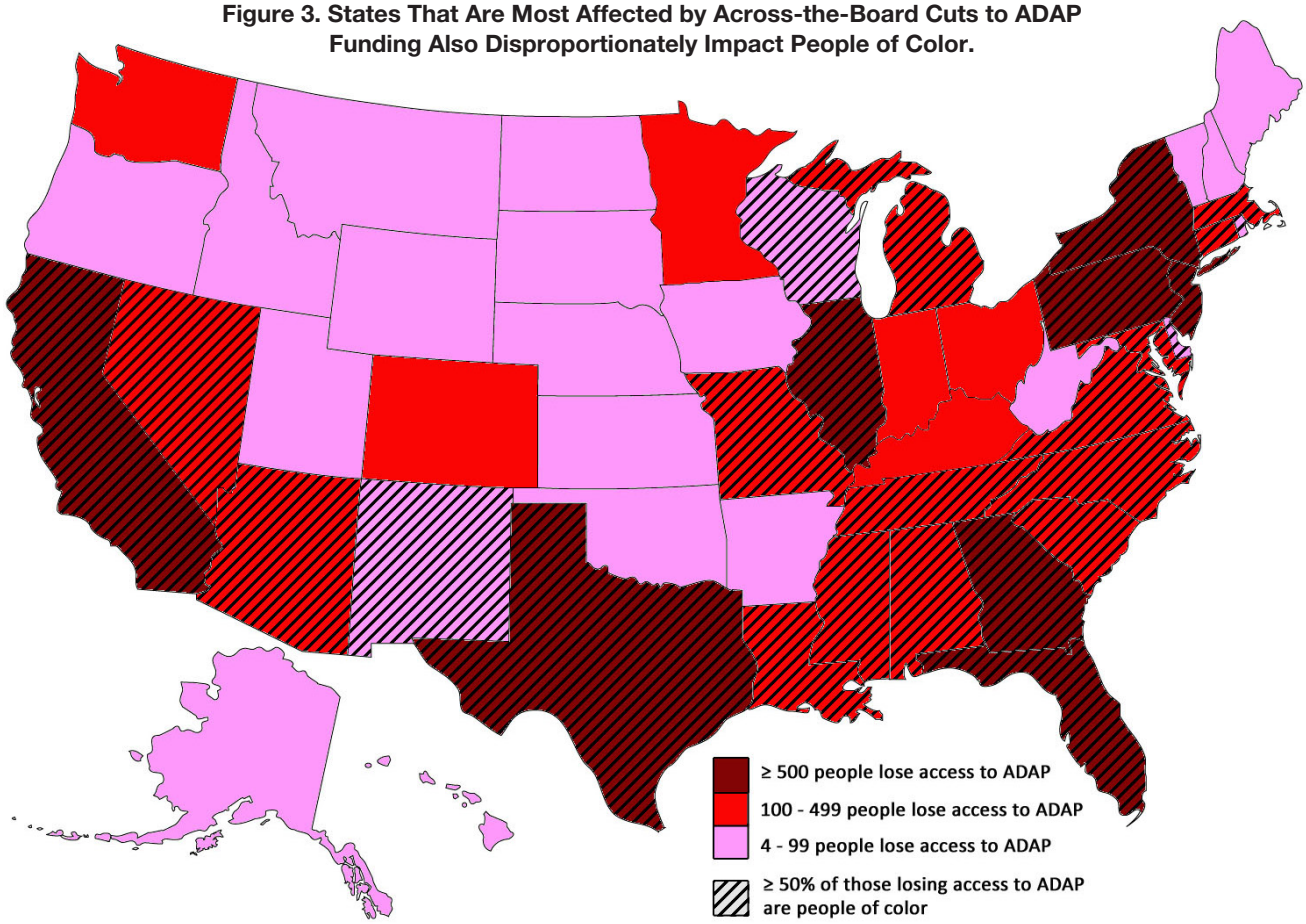
- FY 2013 Sequestration – **3,000** households including at least one person of color will lose housing services; **900** households including at least one Hispanic person will lose housing services.

HIV/AIDS Research

National Institutes of Health

The National Institutes of Health (NIH), which supports the world's leading AIDS research programs, has been at the forefront of AIDS research for 30 years. It is estimated that AIDS research funded by NIH has led to a gain of more than 14.4 million life-years globally since 1995.[8] The year 2011 was groundbreaking in the field of HIV prevention research. An NIH-sponsored study, hailed as the scientific breakthrough of the year by the journal *Science*, demonstrated that HIV treatment not only saves and improves the lives of people living with HIV/AIDS, but also reduces their risk of transmitting HIV to an uninfected partner by 96 percent.[9]

Figure 3. States That Are Most Affected by Across-the-Board Cuts to ADAP Funding Also Disproportionately Impact People of Color.



The FY 2012 budget for all NIH AIDS research programs was $3.075 billion. If the 8.2 percent cut caused by sequestration is enacted, the following would occur:

- FY 2013 Sequestration – A reduction of **$252 million** in AIDS research funding, the equivalent of **460** AIDS research grants that will go unfunded (based on the average value of AIDS research grants in FY 2011), including **50** specifically funding AIDS vaccine research.

HIV Prevention

Centers for Disease Control and Prevention

As a part of its overall public health mission, the Centers for Disease Control and Prevention (CDC) provides leadership in helping control the HIV/AIDS epidemic by working with community, state, national, and international partners in surveillance, research, prevention, and evaluation activities. CDC estimates that about 1.2 million Americans are living with HIV and 18 percent of them do not know it.[10]

Most of CDC's HIV/AIDS prevention efforts fall within the Division of HIV/AIDS Prevention (DHAP), which supports HIV testing and other HIV prevention activities in states and local jurisdictions, as well as research, evaluation, and public education on HIV/AIDS. In FY 2012, CDC supported the HIV prevention efforts of 67 state and local health departments through the HIV Prevention by Health Departments Program and 167 community-based organizations through the National Programs to Identify and Reach Highest Risk Populations. It also awarded 83 grants through the HIV Adolescent and School Health Program.

Sequestration would result in a **$64.7 million** cut in CDC's HIV prevention programs, including:

- $27.6 million from HIV Prevention by Health Departments;
- $2.4 million from HIV Adolescent and School Health.

Such a reduction would substantially undercut efforts to deliver HIV testing and prevention services nationwide.

Methodology and Assumptions

The estimates in this issue brief are based on publicly available information or direct communications with agencies and organizations on unit costs of services and federal spending. The Office of Management and Budget estimates sequestration would lead to an 8.2 percent reduction in funding for most non-exempt non-defense discretionary programs. This analysis calculates the number of people who could be affected by scheduled sequestration cuts as applied to FY 2012 funding levels (given that the U.S. government will be operating on a Continuing Resolution at FY 2012 funding levels when sequestration is applied in January 2013). The analysis uses estimated unit costs for ADAP and actual reported unit costs for HOPWA.

The estimates here are intended only to illustrate the possible human impact of implementing sequestration. It is understood that Congress and U.S. government agencies will have a range of budgetary options at their disposal and may choose to fund particular programs at higher or lower levels than those assumed in this brief.

References

1 Office of Management and Budget (September 2012). OMB Report Pursuant to the Sequestration Transparency Act of 2012 (P.L. 112-155).
2 Congressional Research Service (August 2012). Continuing Resolutions: Overview of Components and Recent Practices.
3 In accordance with data from Kaiser Family Foundation's February 2012 fact sheet, total cuts to federal funding for domestic HIV/AIDS programs and research for FY 2013 would total $657 million. This brief describes four programs that comprise $421 million of that sum.
4 HHS (2012). Fiscal Year 2013 Budget in Brief: Strengthening Health and Opportunity for All Americans.
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8 Mahy, M. et al. (2010). *Sex Transm Infect*. 86 (Suppl 2).
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