



**TESTIMONY PRESENTED TO THE NEW YORK STATE LEGISLATURE
AT THE JOINT HEARING OF THE
SENATE FINANCE COMMITTEE AND ASSEMBLY WAYS AND MEANS COMMITTEE**

***2005-2006 Executive Budget Proposal
Health, Medicaid & Aging***

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PRESENTED BY

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Chairman Johnson, Chairman Farrell, thank you for the opportunity to testify at this Joint Legislative Hearing on the Executive Budget. My name is Michele Bonan, and I am Assistant Director of Government Relations for Gay Men's Health Crisis, GMHC.

Gay Men's Health Crisis (GMHC) is a not-for-profit, volunteer-supported and community-based organization committed to national leadership in the fight against AIDS. GMHC serves one in every five persons diagnosed with AIDS in New York City. As the world's oldest AIDS service provider, GMHC helps more than 15,000 men, women and children and their families each year. GMHC offers a wide range of comprehensive client services, including hot meals program and nutrition services, benefits & entitlements advocacy, health care advocacy, case management, legal assistance, counseling and testing services for HIV and sexually transmitted infection, group counseling services, HIV prevention, outreach, and health education, home-based support, assistance accessing stable housing, substance use counseling and mental health services.

GMHC has been on the frontlines of the AIDS epidemic since it began more than 20 years ago. We remain focused on the communities most threatened by HIV and continue to expand our service provision as the epidemic expands. We serve more people each year; in fact, the number of GMHC clients has increased by almost 50% in just the past five years. Our clients reflect the diversity of the HIV epidemic; 68% are people of color, 63% are lesbian, gay or bisexual, 19% are women, and more than half reside outside of Manhattan. The vast majority of our clients are at or below the poverty level and many walk through our doors uninsured. 70% of GMHC clients rely on Medicaid, while 15% rely on the AIDS Drug Assistance Program, ADAP for their medical care and life-saving prescription drugs.

GMHC's budget priorities are a reflection of our mission and the needs of the people we serve. We recognize the state is faced with various financial obligations this year. While we are mindful of this situation, it is imperative that GMHC advocate for funds where there continue to be clear and demonstrated unmet needs. GMHC will be vigilant in advocating for the health care needs of at-risk populations who are the most vulnerable during times

of economic hardship and we urge the state to be cautious in protecting the health care needs of New Yorkers. We would like to highlight three areas of particular concern.

First, \$8.4 million dollars previously appropriated for HIV/AIDS services has once again been left out of the 2005-2006 Executive Budget and must be replaced and considered part of the baseline budget. Second, \$1 billion in cuts to the state's Medicaid program must be re-examined in order to protect the well being of thousands of New Yorkers living with HIV and AIDS. Finally, the state must address the rising unmet needs of the HIV community with adequate and reliable funding. To prevent losing more ground in the fight against HIV and AIDS, some new funds must be allocated for expanded service provision and HIV prevention.

Restore \$8.4 million in cuts to HIV/AIDS programs

One of GMHC's top priorities is to ensure adequate funding to fight the HIV/AIDS epidemic. In difficult and uncertain times, it becomes more important than ever to preserve our vital service delivery structure. In addition to reversing the Governor's 2005-06 cuts to HIV/AIDS programs, GMHC urges the legislature to do all that it can to fully restore funding to levels in the FY 2003-2004 enacted budget. *We call on the legislature to implement HIV/AIDS restorations from the 2004-2005 budget as soon as possible. Many service providers across the state are in dire straits waiting for this critical funding to flow.*

\$8.4 million in total, including funding appropriated by the legislature in prior years, was excluded from the Governor's Executive Budget proposal and must be reinstated. Those cuts result in fewer resources to fight AIDS and HIV infection in communities of color; for funding initiatives targeting specific geographic areas and at-risk populations; for education, training and service coordination; for programs that help people living with AIDS adhere to their complex drug treatment regimens; and for children orphaned by the AIDS epidemic. We recognize that in light of the recent court of appeals decision, this years budget negotiations will be different from years past. Still, GMHC strongly urges the

Legislature to add funds where it can and to negotiate with the Governor in order to complete full restorations for HIV/AIDS services.

Service providers have been struggling to offer high quality services to meet increasing needs with inadequate funding. We can not afford to have these allocations up for review every year; they should be baseline funds. The restoration of the items below is crucial to HIV/AIDS safety net services. **We urge you to do all that you can to restore \$8.4 million in cuts and baseline the HIV/AIDS Budget.**

Restore \$8.4 Million in funding
o \$1.768 M –CSP
o \$1.768 M –MSA/CDI
o \$179,000 –HHAP
o \$168,700 –Treatment Adherence
o \$168,700 –Permanency Planning
o \$625,000 –Specialty Contracts
o \$446,000 –Legal Services
o \$179,000 –NBLCA
o \$89,000 –NYAC
o \$3M –Assembly Communities of Color

Restoring cuts to Medicaid

GMHC is deeply concerned that the Governor’s proposed cuts of \$1 billion to New York’s Medicaid program will disproportionately impact the most vulnerable New Yorkers, especially those with HIV/AIDS.

As a leading force behind Medicaid Matters New York, a statewide coalition of advocates united against harmful changes to Medicaid, GMHC strongly urges the legislature to do all that it can to restore these devastating cuts. Medicaid is the safety net for poor New Yorkers living with HIV/AIDS, providing health coverage to approximately 65,000 people living with HIV/AIDS in New York. Again, 70% of the 15,000 clients that walk through

GMHC's doors each year rely on Medicaid for preventative, primary and hospital care, as well as for life-saving prescription drugs. This year, the Governor has proposed eliminating optional services in Medicaid, including those provided by private duty nurses, podiatrists and psychologists, as well as preventive adult dental care. **GMHC is adamantly opposed to the elimination of benefits in Medicaid.**

The Governor's proposal would create barriers to Family Health Plus (FHP), a critical expansion program serving low income adults, by imposing a stricter assets test and denying eligibility to employees of businesses with 50 or more people. The proposed elimination of funding for FHP facilitated enrollment will make it even harder for the large numbers of HIV+ uninsured individuals to access coverage given the complexity of the application process. By reducing eligibility, tens of thousands of people will be left with no inpatient or outpatient medical coverage or access to the prescription medications they need. More people will become uninsured if eligibility for FHP is tightened. Health programs such as ADAP will be stretched even thinner as more people look to the program for help. The Governor's proposal also diminishes the adequacy of the FHP benefit package by eliminating vision, dental and mental health services and establishing extremely high co-payments for prescription drugs and outpatient, inpatient and Emergency Room services. **We urge you to fight for a roll back of last year's cuts to Family Health Plus eligibility and benefits and to negotiate with the Governor to reverse his proposed cuts for 2006.**

Additionally, the Governor plans to implement a preferred drug program and expand prior authorization for Medicaid. Consumers with serious illnesses and disabilities, like HIV/AIDS, are the people who are most severely impacted by prior authorization. In New York State, a Medicaid Preferred Drug Program (PDP) would mean curtailed access to medically necessary prescription drugs for HIV+ Medicaid patients. Prior authorization and preferred drug programs are burdensome processes for prescribers, pharmacists and patients, and—if experiences from our own and other states tell us anything—will result in lost access to medically necessary drugs.

Moreover, the Governor's plan is entirely lacking in consumer protections. HIV positive individuals have multiple chronic conditions and complex medication regimens that will be disrupted if New York State chooses to exempt only a single class of drugs –antiretrovirals (ARVs) – and not individual Medicaid beneficiaries. Evidence shows that ARVs must be combined carefully with non-HIV medications to avoid negative drug interactions. In fact, according to HHS guidelines, drugs that are commonly considered interchangeable have unique interactions with ARVs that can affect the potency of both the HIV and non-HIV drugs. Protocols around HIV drug interactions change frequently as new information becomes available. Drugs considered to be interchangeable for most healthy individuals could, in fact, negatively impact the health of a person with HIV if paired incorrectly with ARVs. It is clear that prescribing ARVs with non-HIV medications is a very complex process that should not be compromised by the rigors of a preferred drug program. **As such, an ARV drug class exemption is an insufficient consumer protection for HIV positive Medicaid beneficiaries.**

While ARVs are exempt from prior authorization under the PDP, they are not exempt from the proposed clinical drug review program (CDRP). Under the Governor's CDRP proposal, the cost of a drug can be used as a factor to subject ARVs to prior authorization. This further renders inadequate the Executive's so-called protections for persons with HIV/AIDS.

Furthermore, preferred drug programs raise barriers to care that will cause some HIV positive beneficiaries to go without their medications altogether. If an enrollee is denied prior authorization for a drug at the pharmacy, the person may very well walk out without receiving the medications he or she needs, especially since Medicaid beneficiaries lack the resources to pay up-front for the prescribed drug. Moreover, in New York City Medicaid beneficiaries access primary care from hospital outpatient departments, free-standing clinics and private doctors who see extremely high volumes of patients and maintain limited office hours, especially in the evening and on weekends. It is unrealistic to believe that these providers are easily accessible to beneficiaries who are having problems filling a

prescription. Given that these same providers and pharmacists themselves have expressed dismay and confusion over the workings of Medicaid's existing prior authorization process, it is unlikely that they can provide all the necessary supports Medicaid enrollees need.

It is essential that the Legislature press the Governor to develop adequate safeguards for Medicaid consumers -- including an exemption for HIV+ beneficiaries -- that minimize the negative impact on a patient's access to prescription drugs. There must be a transparent and streamlined process for consumers, which is time sensitive; medically appropriate; and where the burden of program navigation rests with the state and not on consumers. The Governor's proposal weakens proposed legislation that lawmakers have been working on for years. **GMHC opposes a PDP and strongly advocates for significant consumer safeguards, including the exemption of people with HIV/AIDS, should a PDP be created.**

The Governor has also proposed increased pharmacy co-pays, passing the burden of the state's cost saving measures on to the most vulnerable consumers. Increasing prescription drug co-pays can hinder access and reduce use of medications that are vital to people living with HIV and AIDS. This will further overburden hospitals and clinics as people with HIV/AIDS become sicker and are forced to access more costly emergency care. This measure would disproportionately impact those with high levels of need. **We urge you to fight the proposed increase in co-pays for prescription drugs.**

GMHC is also concerned that the new Medicare Part D law will likely mean less access to prescription drugs for HIV+ New Yorkers, especially those who are dually eligible. Changes in the law necessitate careful transitioning that must occur to avoid disruption in the prescription drug coverage that is vital for people living with HIV/AIDS. **GMHC asks that New York State take every precaution necessary to ensure that dual eligible beneficiaries, thousands of them HIV+, are fully transitioned to the new Medicare Part D benefit by January 1, 2006. In addition, GMHC calls on the legislature and**

the Governor to enact EPIC coverage for Medicare eligible disabled individuals under 65 years of age.

The Health Care Reform Act (HCRA) covers a wide range of health care programs and is a key funding source for many services essential for people living with HIV and AIDS. Among these programs are the AIDS Drug Assistance Program (ADAP), direct pay market subsidies, financing for charity care, a majority of AIDS Institute programs, and Family Health Plus. With HCRA reauthorization occurring this year, it is essential that these programs be protected to ensure quality of care for the vulnerable individuals which they serve. **We implore our elected leaders to ensure that HCRA programs, which are essential to people living with HIV and AIDS, are reauthorized and fully funded. Further, GMHC supports the Governor's proposal to reauthorize funding for ADAP over the next 2 and _ years at a rate of \$60 million annually.** We intend to present testimony in further detail on these vital HCRA programs at the legislature's upcoming public hearings on the Health Care Reform Act.

Addressing Rising Needs

Funding for HIV/AIDS services has not kept pace with the growing epidemic. With the exception of his first year in office, the Governor has proposed cutting enhanced funding for HIV/AIDS programs every single year. The HIV/AIDS epidemic, needless to say, has not been static in New York since the Governor has taken office. The number of people living with HIV/AIDS is the highest it has been throughout the epidemic, a fact reflected in the growing caseloads of service providers throughout the state. New York leads the nation, with the highest number of persons living with AIDS—66, 660 by the end of 2003. Furthermore, cumulative reported AIDS cases in New York State have increased 49% since 1996. AIDS funding has suffered for far too long. The full needs of the HIV/AIDS community must be met this year in order to stand any chance of catching up with the rising need.

Furthermore, like other providers of health care services, providers of HIV/AIDS services are reeling from the economic recession, a decline in philanthropic giving, and cutbacks in federal and local funding. These factors only compound our current state funding deficiencies, which are sure to have a long-term negative impact on the delivery of HIV/AIDS services if new dollars are not appropriated immediately.

Community Service Providers (CSPs) and Multiple Service Agencies (MSAs) have been providing high quality services to communities most at risk since their inception. They have been steadfast in ensuring a continuum of services in both HIV prevention-related and support services for those infected and affected by HIV/AIDS. Over the past five years, funding has been declining even as they have been facing increasing needs and providing more services.

Community Service Providers have proven effectiveness in service delivery and provide a wide range of support services. CSPs like GMHC have been on the frontlines since the beginning of the epidemic, providing a continuum of HIV/AIDS services. At GMHC, we continue to see a significant monthly increase in demand for services—as much as 50% more than in the year 2000. The number of GMHC clients is up nearly 10% since 2002. **As services have had to expand to meet rising needs, so should the resources that support these vital programs. GMHC urges the allocation of \$2 million for CSPs and an accompanying \$2 million for MSA/CDIs.**

HIV Prevention

We continue to see an increase in new HIV infections in the United States, particularly in women, especially women of color and in men who have sex with men, particularly men of color. At the same time, the CDC has shifted priority away from primary prevention methods and toward secondary prevention (prevention for those already HIV+) leaving behind thousands of New Yorkers at risk of getting HIV. The state must step up to the plate, and ensure the continuation of vital community-based prevention education and counseling to New Yorkers in communities hardest hit by this disease.

New York should put new state funding forward for primary prevention that is targeted to those most at risk for HIV infection: Men who have Sex with Men, particularly young men of color; women, particularly women of color; substance users and prison releasees. **GMHC urges you to work with the Governor to allocate \$3.5 million in new funding for Primary Prevention Programming.**

Conclusion

GMHC remains committed to working with the legislature and the executive to ensure that the needs of people living with HIV and AIDS are met, particularly during times of economic hardship. We recognize the financial challenges the state must meet this year, but urge you to be vigilant in protecting the health care needs of at-risk populations. Shifting costs to the lowest-income New Yorkers will not fix the state's fiscal problems and is sure to have a devastating effect on the people who rely on safety net services.

Finally, we thank the Legislature for its past support of vital funding for HIV/AIDS services and look forward to working with you again this year to craft sound, science-based and compassionate responses to the expanding epidemic in New York State. Thank you for your time.