



Highlights of [GAO-09-894](#), a report to congressional requesters

## Why GAO Did This Study

Funds are made available under the Ryan White Comprehensive AIDS Resources Emergency Act of 1990 (CARE Act) for individuals affected by HIV/AIDS. Part A provides for grants to metropolitan areas and Part B provides for grants to states and territories and associated jurisdictions for HIV/AIDS services and for AIDS Drug Assistance Programs (ADAP). The Ryan White HIV/AIDS Treatment Modernization Act of 2006 (RWTMA) reauthorized CARE Act programs for fiscal years 2007 through 2009. RWTMA requires name-based HIV case counts for determining CARE Act funding, but an exemption allows the use of code-based case counts through fiscal year 2009. RWTMA formulas include hold-harmless provisions that protect grantees' funding at specified levels. RWTMA also included provisions under which Part A and B grantees with unobligated balances over 2 percent at the end of the grant year incur a penalty in future funding.

GAO was asked to examine CARE Act funding provisions. This report provides information on (1) how many Part B grantees collect and use name-based HIV case counts for CARE Act funding; (2) the distribution of Part A hold-harmless funding; and (3) reductions in Part B grantees' funding due to unobligated balance provisions. GAO reviewed agency documents and analyzed data on CARE Act funding. GAO interviewed 19 grantees chosen by geography, number of HIV/AIDS cases, and other criteria. GAO also interviewed federal government officials and other experts.

View [GAO-09-894](#) or [key components](#). For more information, contact Marcia Crosse at (202) 512-7114 or [crossem@gao.gov](mailto:crossem@gao.gov).

## RYAN WHITE CARE ACT

### Effects of Certain Funding Provisions on Grant Awards

#### What GAO Found

Forty-seven of the total 59 Part B grantees had the Health Resources and Services Administration (HRSA) use their name-based HIV case counts to determine CARE Act formula funding for fiscal year 2009. The remaining 12 grantees had HRSA use their code-based HIV case counts to determine fiscal year 2009 CARE Act funding. If the exemption permitting code-based reporting is not extended, it is likely that future fiscal year funding will be based exclusively on name-based counts. Any Part B grantees who currently have name-based HIV reporting systems, but that had not been collecting name-based HIV case counts long enough to include all cases, could face a reduction in fiscal year 2010 funding.

Part A hold-harmless funding was more widely distributed among eligible metropolitan areas (EMA) in fiscal year 2009 than in fiscal year 2004, the last year for which we reported this information. Seventy-one percent of EMAs received hold-harmless funding in fiscal year 2009, whereas 41 percent received hold-harmless funding in fiscal year 2004. In fiscal year 2009, \$24,836,500 in hold-harmless funding was distributed compared to \$8,033,563 in fiscal year 2004. However, the range of CARE Act hold-harmless funding among EMAs, as measured by funding per case, was smaller in 2009 than in 2004. In fiscal year 2009, EMAs received from \$0 to \$208 in hold-harmless funding per case. In fiscal year 2004, EMAs received between \$0 and \$1,020 in hold-harmless funding per case. The hold-harmless funding resulted in EMAs receiving formula funding ranging from \$645 to \$854 per case in fiscal year 2009 and from \$1,221 to \$2,241 per case in fiscal year 2004.

Sixteen Part B grantees had reductions in their grant year 2009 funding due to their unobligated balances at the end of grant year 2007. Part B base grant penalties ranged from \$6,433 in Palau to \$1,493,935 in Ohio. ADAP base grant penalties ranged from \$26,233 in Maine to \$12,670,248 in Pennsylvania. Part B grantees with unobligated funds provided various reasons for these balances, and said that some of these reasons were beyond their control. Grantees and HRSA stated that a requirement to spend drug rebate funds before obligating federal funds makes it more difficult to avoid unobligated balances. Twenty-seven ADAPs purchase drugs exclusively through a federal drug discount program, under which they pay full price and receive a rebate at some point in the future. HRSA sought to address the interaction between drug rebate funds and the RWTMA unobligated balance provisions by requesting from the Department of Health and Human Services (HHS) permission to seek an exemption for grantees from the relevant regulations from the Office of Management and Budget. However, HHS denied this request, stating that the justification HRSA presented for requesting the exemption was "not compelling."

HHS provided technical comments on a draft of this report, which GAO incorporated as appropriate.