



Meeting of the

FINANCE COMMITTEE

June 7, 2006, 3:30-4:30pm
40 Worth St., Room 1519

MINUTES

Members in Attendance: Patrick McGovern, (Chair), Jason DeCuir, Sharen Duke, Steve Hemraj, Fredrick Wilson

Staff in Attendance: David Klotz (DOHMH/ OHAPCP), Jo Ann Hilger (DOHMH/Ryan White), Rachel Miller (MHRA/HIV CARE Services)

I. FY 2005 Close-out Report

Mr. McGovern opened the meeting. The minutes of the March 22nd conference call were approved with no changes.

Ms. Miller presented the FY 2005 close-out report. As reported earlier, 100% of the grant had been committed. After close-out, a record low of 2.1% of the grant (\$2.7 million) was unspent as of the end of the fiscal year. This beats even the extraordinary low under-spending of FY 2004 (2.5%). This demonstrates that contractors have gotten the message that MHRA is serious about spending, and that if they can not spend their funds, then someone else can (3rd quarter take-downs were the lowest ever). Also, the State has been able to absorb a lot of funds late in the year for the ADAP program (the Council's top service priority), further reducing under-spending. MHRA also provides technical assistance to help contractors with spending issues.

MHRA looks for patterns of under-spending (e.g., categories with new contracts that had start-up costs) and tries to address it early in the fiscal year. One category with chronic under-spending (Housing Enhancements for Special Populations) was eliminated by the Council. Others were single contracts (e.g., Planning & Evaluation) that had an anomaly.

Mr. Wilson addressed the possible impact of changes due to the proposed reauthorized CARE Act, which would require EMAs to track carry-over spending and allow the Secretary of Health and Human Services to reallocate it to other areas (e.g., rural areas or even non-HIV programs). This possibility makes it even more important to keep under-spending as low as possible. This is particularly true for Minority AIDS Initiative (MAI) programs, as the New York EMA is about 75% people of color.

II. New Business: Changes in Reimbursement

There was a lengthy discussion on the new fee-for-service reimbursement plan in the current RFP for contracts that will start March 1, 2007. There was some concern that the change would result in higher under-spending next year as contractors adapt to the new system. Ms. Miller and Ms. Hilger explained that while in the first year it might be unpredictable, other EMAs that have done this for years have had good spending rates. The change may require a new kind of reprogramming plan from the Council, focusing on shifting unspent funds to other service categories, rather than to special projects. This would allow spending to adjust to categories where there is high under- or over-billing. The Committee members agreed that this would be a good paradigm shift and that it should be brought to the Council's attention.

Ms. Duke stressed that it would have been helpful to have had a range of costs for each service (as a recent SAMHSA grant did), or to have it phased in over time (as the HOPWA program did). Also, information from the AMEX pilot project would have been helpful. [Note: The project was not used in the development of this RFP. The Amex study attempted to cost out the actual service while the RFP allowed for packaging a variety of services into a payment point - a fee, or reimbursement rate, rather than "unit cost."]. Ms. Miller and Ms. Hilger explained that the plan was to allow contractors to have flexibility in developing their program models.

Mr. McGovern asked for an explanation of how contract monitoring will change to respond to the new reimbursement scheme. Ms. Miller explained that MHRA will look at expenditures during the first 3 months, but will focus monitoring on services that contractors claim they have completed, since that will be the basis of payment. This is a big change in how accountability is ensured. Mr. Hemraj stated that he has long supported the shift to performance-based contracting.

The next meeting will be a conference call on Wednesday, September 13, 3:30pm.

There being no further business, the meeting was adjourned.