



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

August 14, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: REVIEW OF DHS HIV/AIDS CARE ACT FUNDING ALLOCATION

In March 2002, your Board instructed the Department of Health Services (DHS) to report on the methodology and statistics used to allocate HIV/AIDS CARE Act funds. Your Board also instructed DHS to have the report reviewed by an independent reviewer. At the request of DHS, we have reviewed the methodology and statistics used to allocate HIV/AIDS CARE Act funds as discussed in DHS' report to the Board to be issued August 14, 2002.

Scope/Purpose

Our review focused on comparing the statistics DHS used to allocate the HIV/AIDS CARE Act funds to the source data and evaluating DHS' methodology for allocating the CARE Act funds. The County receives approximately \$40 million a year in Title I and Title II funds. Our review also included interviews with management and staff in DHS' Office of AIDS Programs and Policy (OAPP) and reviews of relevant documents and statistics.

Summary of Findings

Our review disclosed that the factors used in the process of allocating CARE Act funds comply with the methodology specified in the County's federal CARE Act funding application. In addition, the weighting of the factors in the methodology has been approved by the County's Commission on HIV Health Services. However, the actual allocations to some areas differ to some degree from the allocations computed based on the methodology. DHS' report contains their explanations for these differences.

It should be noted that the actual allocation percentages are based on the maximum contract amounts awarded in each Service Planning Area (SPA), and not on the actual amounts paid for services in the SPAs. Actual payments are based on the actual services provided under each contract. DHS indicated that they are in the process of developing a system to identify actual payments by SPA.

These findings and other issues are discussed in detail below.

Federal HIV/AIDS CARE Act Fund Allocation

DHS' 2001 CARE Act federal funding application indicated that program funds would be allocated among geographic areas based on each area's percentage of the total for all areas of the following factors:

- Total Living AIDS cases
- Recent AIDS cases (diagnosed within the last two years)
- Number of people living below the federal poverty threshold

DHS' CARE Act application also indicated that the factors would be weighted equally to compute the funding allocation. OAPP management developed the factors and weighting, which were approved by the County's Commission on HIV Health Services. We noted that San Francisco also uses two of the same factors (total living AIDS cases and recent AIDS cases) in their allocation process. San Francisco does not use poverty because they assume clients who access CARE Act services meet the poverty factor.

We reviewed DHS' HIV/AIDS data and its allocation of HIV/AIDS CARE Act funds and noted the following:

Allocation Data

DHS allocates HIV/AIDS funds to SPAs based on the factors noted above using statistics gathered from HIV/AIDS service providers, the County Health Survey and DHS' HIV Epidemiology Program. We compared the data used by DHS to allocate program funds to the source data and found no exceptions.

We also reviewed the data provided by DHS on the number of CARE Act clients and noted some minor discrepancies. For example, we noted that if a client was seen in more than one SPA, the client would be counted in each area. In addition, we noted that DHS had accidentally excluded client information from two service providers. However, these discrepancies did not affect the funding allocation. DHS corrected the discrepancies in the number of clients in their final report.

Funding Allocation

We reviewed DHS' actual allocation of HIV/AIDS CARE Act funds based on the allocation guidelines discussed earlier to DHS' actual funding allocation. As shown in the following chart and indicated in DHS' report, the amount allocated for HIV/AIDS services in some SPAs differs from the percentage that should be allocated based on the allocation factors/statistics.

Specifically, four of the eight SPAs are receiving more funds than their estimated need, three are receiving less and one is receiving an allocation equal to the estimated need.

SPA	Percentage of Program Funds to be Allocated Based on Allocation Factors	Actual Percentage Allocated	Percentage Over/(Under) Allocated
1 - Antelope Valley	1.4%	1.4%	0.0%
2 - San Fernando Valley	13.6%	11.1%	(2.5%)
3 - San Gabriel Valley	10.1%	6.2%	(3.9%)
4 - Metro	31.2%	32.9%	1.7%
5 - West	4.3%	8.7%	4.4%
6 - South	14.4%	17.0%	2.6%
7 - East	9.1%	9.3%	0.2%
8 - South Bay	16.0%	13.4%	(2.6%)

It should be noted that the actual allocation percentages are based on the maximum contract amounts awarded in each SPA, and not on the actual amounts paid for services in the SPAs. Actual payments are based on the actual services provided under each contract. DHS indicated that they are in the process of developing a system to identify actual payments by SPA.

DHS OAPP indicated that the variances between the amounts that should be allocated based on estimated need and the actual allocations are due to a number of factors including, historical trends in where services have been provided, a major provider moving from the Metro SPA to the West SPA, the lack of providers in some areas and clients preferring to use established providers in other areas.

Responses to Board's Questions

In addition to reporting on the methodology and statistics used to allocate HIV/AIDS CARE Act funds, the Board asked DHS to respond to a number of specific questions. Based on the timing of this report and DHS' report, we were unable to review DHS' responses to the specific questions raised by the Board.

If you have any questions, please call me or have your staff call Pat McMahon at (213) 974-0729 or Jim Schneiderman at (213) 974-0319.

JTM:DR:js

c: David E. Janssen, CAO
Department of Health Services
Thomas L. Garthwaite, M.D., Director and Chief Medical Officer
Charles Henry, Director, OAPP
Violet Varona-Lukens
Audit Committee