

Ryan White HIV/AIDS Program - Program Income Requirements

Program Income Defined

Gross income earned by the non-Federal entity (RWHAP recipient or subrecipient) that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.



Relevant Documents:

Policy Clarification Notice (PCN):

- [15-04 Utilization and Reporting of Pharmaceutical Rebates](#)
- [Frequently Asked Questions for Policy Clarification Notices 15-03 and 15-04](#)
- [15-03 Clarifications Regarding the Ryan White HIV/AIDS Program and Program Income](#)

Sources of Program Income

- Charges imposed on, and collected from, clients for services
- Funds received by billing public or private health insurance for services provided to eligible RWHAP clients
- Fees, payments, or reimbursement for the provision of a specific service, such as patient care reimbursements received under Medicare, Medicaid, or Children's Health Insurance Program
- Difference between the third-party reimbursement and the 340B drug purchase price

Income that is not “Program Income”

- Rebates: return part of a payment (specific to ADAP);
- Credits: transactions that offset or reduce expense items allocable to the Federal award;
- Discounts: deductions in cost advance of a payment;
- Interest: earned on any of the above

Program Income as “Additive”

45 CFR § 75.307 (e) – Program income options:

- Additive
- Deductive (federal default)
- Combination
- Matching

Program Income Alternative	Use of Program Income
Additive Alternative	Added to funds committed to the project on program and used to further eligible project or program objectives
Deductive Alternative	Deducted from total allowable costs of the project or program to determine the net allowable costs on which the federal share of costs will be based.
Combination Alternative	Uses all program income up to (and including) \$25,000 as specified under the additive alternative and any amount of program income exceeding \$25,000 under the deductive alternative.
Matching Alternative	Used to satisfy all or part of the non-Federal share of a project or program



Program Income as “Additive”

- HAB identifies in the NOA how program income is to be treated:
Additive
- **Additive** means that income is “added to funds committed to the project or program and used to further eligible project or program objectives”
- Under the additive alternative program income “must be used for the purposes and subject to the conditions of the federal award”
- Program income is **added** to the grant award but may only be used:
 - for **allowable** costs under the award
 - to expand the program and
 - to further the objectives of the RWHAP program

Recipients providing direct services are required to:

- Use program income earned to further the objectives of each RWHAP program
- Track and report all sources of service reimbursement as program income for each RWHAP Part/Federal award on the annual Federal Financial Report (FFR) and in competitive applications and non-competitive progress reports
- Program income attributed to the RWHAP program cannot be used for other (non-HIV) agency purposes

Subrecipients should:

- Retain program income for “additive” use within their own HIV programs
- It is the responsibility of the recipient to:
- Monitor and track program income earned by subrecipients
 - Program income earned by subrecipients should not be reported on the recipient’s FFR

Requirements for Tracking Program Income

- Per 45 CFR § 75.302(b), source and use of program income must be tracked and reported separately
- Financial Management Systems must provide the following:
 - Identification, in its accounts, of all federal awards received and expended and the Federal programs under which they were received.
 - Federal program and Federal award identification must include as applicable:
 - The catalog of federal domestic assistance title and number (CFDA)
 - Federal award identification number and year
 - Name of the HHS awarding agency
 - Name of the pass-through entity, if any

Utilizing Program Income

- To the extent available, recipients and subrecipients must disburse funds available from program income (rebates, refunds, contract settlements, audit recoveries, and interest) before requesting additional cash payments 45 CFR § 75.305 (b)(5)
- Recipients/subrecipients should strive to proactively secure and estimate the extent to which program income will be accrued.
- This is done to effectively determine the need for RWHAP funds and their allocation and utilization during the current performance period

Utilizing Program Income

Program income can support allowable activities in excess of statutory caps that are imposed directly by the RWHAP, such as:

- Administrative costs (10%)
- Indirect Costs
- CQM
- Core Medical (75%)
- EIS (50%)



▪ **Maximize**

- Maximize the service reimbursement available from private insurance, Medicaid, Medicare, and other third-party sources for reimbursable services provided
 - Ensure all patients are enrolled in eligible insurance plans/options
 - Bill insurance for all billable services

▪ **Supplement**

- RWHAP funds cannot be used to supplement the maximum cost allowance for services reimbursed by third party payments
 - Cannot Increase (or supplement) amount paid by insurance for covered service.
 - ie. If service costs \$100, but agency has agreed to accept \$75 from insurance for the services; Ryan White funds can not be used to support the \$25 difference.

RWHAP Part A, B, & C

For RWHAP Part A, B, and C, allowable costs are limited to:

- Early intervention services
- Core medical services
- Support services
- Clinical quality management
- Administrative expenses (including planning & evaluation) as part of a comprehensive system of care for low-income individuals with HIV

RWHAP Part D

For Part D, allowable costs are limited to services to women, infants, children and youth affected by or living with HIV:

- Family centered care involving outpatient or ambulatory care
- Support services
- Clinical quality management
- Administrative expenses



Allowable Uses of Program Income

Part F costs are limited according to appropriate statutory provision:

- AIDS Education and Training Center
- Special Projects of National Significance
- Dental Reimbursement Program
- Minority HIV/AIDS Fund

Unallowable Uses of Program Income

Staff Salaries:

RWHAP recipients and subrecipients may not use award funds or related program income to pay the salary of an individual at a rate in excess of Executive Level II, currently at \$212,100 as of January 2023.

- Dr. Marshall makes an organizational salary of \$275,000
- She provides medical services to low-income people living with HIV for 2 clinic sessions a week (0.2 FTE)
- Dr. Marshall’s salary on the RWHAP Part D grant is capped at the Executive Level II rate:
 - \$212,100 or \$42,420 based on FTE (0.20 FTE)
- The real organizational cost of Dr. Marshall’s salary is:
 - \$275,000 or \$55,000 based on FTE (0.20 FTE)
- Program income can not be used to pay for the \$12,580 difference (\$55,000 - \$42,420)

Dr. Marshall	Salary	FTE	Salary Support
Organizational	\$275,000	0.2	\$55,000
Executive Level II	\$212,100	0.2	\$42,420
Difference	\$62,900	0	\$12,580

Frequently Asked Questions for Policy Clarification Notices 15-03 and 15-04 HRSA/HAB

Other Unallowable Uses of Program Income

- Construction and or major alteration or renovation
 - Building “Up” or “Out”
 - Changing the footprint of a building
- Cash payments to recipients of RWHAP services
- HIV “related” but unallowable services under RWHAP:
 - Needle exchange
 - <https://www.aids.gov/federal-resources/policies/syringe-services-programs/>
 - <https://www.cdc.gov/hiv/pdf/risk/hhs-ssp-guidance.pdf>
 - <https://files.hiv.gov/s3fs-public/hhs-ssp-hrsa-guidance.pdf>
 - Post- or pre-exposure prophylaxis (PEP or PrEP) medications or medical services ([Program Letter, November 16, 2021](#))
 - In-patient or emergency related expenses for persons with HIV

340B Savings as Program Income

- 340B generated revenue is considered program income
- When the RWHAP grant is the **sole** Federal award that makes an organization eligible as a 340B covered entity, **all** program income should be attributed to the RWHAP grant
- When an entity is 340B eligible and purchases pharmaceuticals via 340B pricing under multiple federal awards (Ryan White HIV/AIDS Program, Federal Qualified Health Center, STD Clinic, etc.) the recipient must:
 - Specifically define the patient eligibility criteria
 - Use a reasonable allocation method for attributing costs and program income
 - Be able to document the methodology used

Program Income Allocation Methods

- Program income cannot be prorated based solely on the size of the award
- Allocation is based on the covered entity's definition of an eligible patient
- Allocation could be based on:
 - The client that received the service - client level data and tracking of services
 - The service category and associated payer/funding source
 - The provider - based on supported FTE
 - Allocation must include a review of the budget, how the award is being spent and allocated, and how those funds are generating revenue

Program Income Allocation Methods

Ryan White HIV/AIDS Program income is generated by:

- A PWH receiving a specified HIV-related service or product (340B pharmaceutical)
- At a RWHAP-funded program
- By a RHWAP-funded provider
- And then the program receives an agreed upon third-party payer payment for the service

Possible billing system modifiers

- Patient diagnosis code (HIV)
- Medication Type (ART)
- RWHAP specific provider
- Location code (RWHAP clinic specific code)
- Payer source
- Secondary or tertiary insurance code to identify RWHAP-eligible/enrolled patients

- Direct service providers must have an adequate accounting system for managing multiple budgets and funding streams
- Assign each funding source/grant a unique Account Number to ensure funds are sufficiently separated and tracked independently
- Internal systems to monitor income and expenditures
- Sufficient personnel (program and fiscal staff) to manage the award
- Routine financial reports to monitor compliance with RWHAP allowable expenditures
- With Program Income it is essential that you collaborate with billing or accounting departments
- Reports from billing/payment systems to track payments (income) **during** that month (services may have been provided in previous months) for services that meet the program income requirements
- **Greater frequency** (monthly) provides **better accuracy** and adjustment time to ensure program income is spent to further the objectives of the grant program during the performance period

Budgeting Program Income

- Estimate (to the extent possible) how much program income will accrue
- Best practices include developing a plan to spend down program income simultaneously, so as not to have unobligated balance (UOB) on the federal award
- Budget program income to **compliment not replicate** services already funded directly by RWHAP grant funds
- Look at the Big Picture - Estimate the larger needs, not just the needs covered by the grant funds
- Review PCN 16-02 “Ryan White HIV/AIDS Program Services: Eligible Individuals & Allowable Uses of Funds” to consider all possible services that can be funded under the RWHAP Program
- Review virally unsuppressed patients looking at barriers preventing suppression
- Consider budgeting funds in categories that will achieve viral suppression for those hardest to reach patients

Budgeting Program Income

- Recipients must include program income projections when planning for services, based on the comprehensive HIV care and treatment needs of the recipient's service area
- Develop a reasonable and transparent process for budgeting and expending federal funds and related program income
- Set up a proposed line-item budget for program income just as you would for a federal award
- Ensure spending is in line with program requirements, program reporting, and fiscal requirements
- Budget and Program Expenditures should be built off a combination of grant funds, subcontracts, organizational support, and program income
- Budget and spending should be based on \$2,000,000, not \$800,000

Grant/Income	Amounts
Federal Grant Funds	\$550,000
State Subcontract	\$250,000
Total Grant Funds	\$800,000
Projected Program Income	\$1,200,000
Total Program Funding	\$2,000,000

The Goal of Budgeting, Tracking, & Spending Program Income

- Ryan White services are specifically designed to:
 - Assist patients that do not have sufficient health care coverage of financial resources for coping with HIV disease
 - Fill gaps in care that are not covered by any other sources (public or private)
 - Serve as the payer of last resort for uninsured or underinsured
- Proper management and program design can ensure that all funding sources work together to provide a full range of services