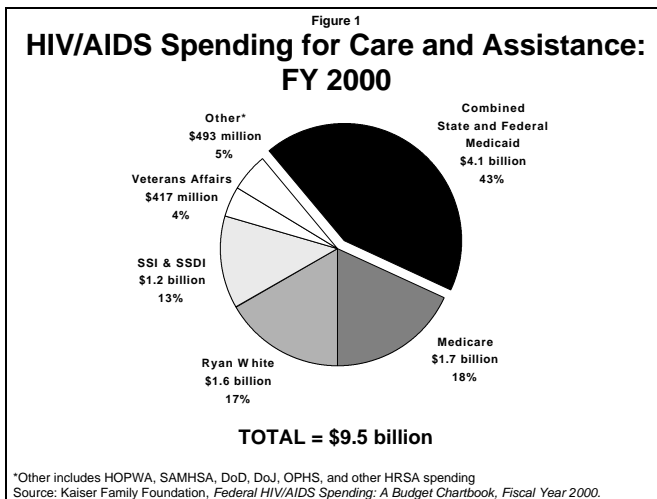


MEDICAID'S ROLE FOR PERSONS WITH HIV/AIDS

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Medicaid, the Federal-State program providing health and long-term care coverage to low-income Americans, is the single largest source of public financing for HIV/AIDS care in the United States.¹ Medicaid spending on HIV/AIDS totaled \$4.1 billion in FY 2000, representing 43% of spending on care and assistance for HIV/AIDS (see Figure 1).² Still, Medicaid spending on HIV/AIDS represents only about 2% of total Medicaid spending (\$194 billion in FY 2000).³



States administer their own Medicaid programs within broad federal guidelines, resulting in significant variation in coverage.

Eligibility for Medicaid

Persons who qualify for Medicaid must meet their state's income and asset eligibility criteria as well as several other criteria. There are certain categories of individuals that all states which elect to participate in Medicaid must cover, including the disabled.

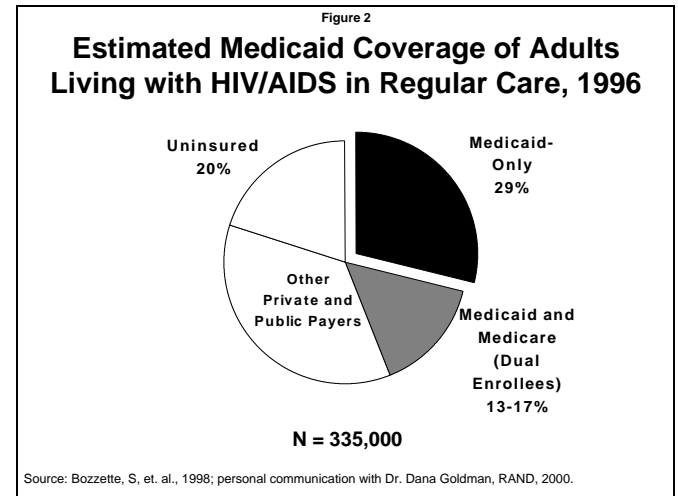
Most persons with HIV/AIDS who qualify for Medicaid do so because they meet the disability and income criteria of the Federal Supplemental Security Income (SSI) program for persons who are aged, blind or disabled. Some persons also qualify through a state's medically needy program.

Children and adults with HIV/AIDS may also qualify for Medicaid before they are disabled if they are low-income and meet other program eligibility categories. The primary non-disabled categories are for low-income children and their parents and pregnant women.

Medicaid Coverage for Persons with HIV/AIDS

Medicaid is an important source of coverage for people with AIDS. Among adults living with AIDS, 55% are estimated to be enrolled in Medicaid (more than 160,000

people). Medicaid serves about 90% of children with AIDS (over 3,000 children).^{3,4}



When you consider the larger population of adults with HIV (who are less likely to qualify for Medicaid as disabled) and those with AIDS, 29% of the 335,000 receiving regular care are estimated to be covered by Medicaid. Another 13-17% are also estimated to be covered by both Medicaid and Medicare, called dual enrollees.^{5,6} (See Figure 2)

Women with HIV/AIDS in care are more likely to be covered by Medicaid than men.⁵ This may be due in part to the fact that women are more likely to qualify for Medicaid as parents of dependent children or when pregnant.

Although Medicaid is an important source of coverage for persons with HIV/AIDS, the number of individuals covered represents a very small share of all Medicaid beneficiaries (approximately 0.5% in 2000).³

Services and Delivery of Care

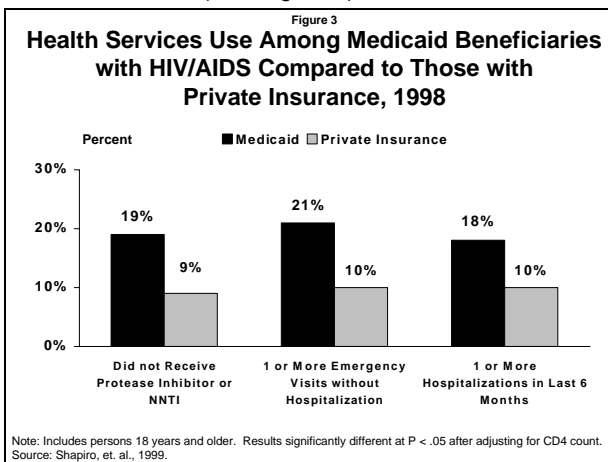
Service utilization patterns for people with HIV have shifted over the past several years, due in large part to the use of combination antiretroviral therapy which has led to decreased numbers of deaths and improved health status. Studies have documented a decline in inpatient utilization along with an increase in pharmaceutical use for both Medicaid and other patients with HIV.^{7,8}

One of the most important services for people with HIV/AIDS is prescription drugs, an optional Medicaid benefit that all states have chosen to provide. However, several states place limits on the number of prescriptions allowed per month. States can also limit the duration of other services including hospital inpatient days or physician visits.

Currently, 16 states have developed home and community-based services for persons with AIDS using Section 1915(c) waivers, designed to maximize independence for people living with HIV/AIDS through use of services such as case management, adult day health care and hospice care.⁹

States are increasingly enrolling Medicaid beneficiaries, including those with HIV/AIDS, in managed care programs. Twenty states now have risk adjusting and/or risk-sharing systems in place that take HIV/AIDS or HIV drugs into account, and/or carve out HIV drugs.¹⁰

Medicaid beneficiaries with HIV/AIDS do not appear to fare as well as their counterparts with private insurance. The HIV Cost and Services Utilization Study (HCSUS), a nationally representative study of people with HIV in care, found that Medicaid beneficiaries fared more poorly on several access and quality measures than those with private insurance.⁷ (See Figure 3)

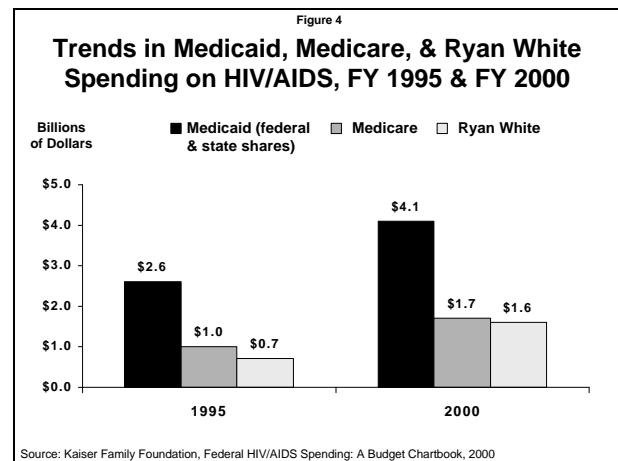


Medicaid Spending for Persons with HIV Disease

In FY 2000, Medicaid financed an estimated \$4.1 billion, including \$2.2 billion in federal spending and \$1.9 billion in state spending, of the \$9.5 billion spent on HIV/AIDS care and assistance. Medicaid spending was larger than Medicare, Ryan White, and Veterans Affairs spending combined.²

- Spending for HIV/AIDS health services has increased over the past several years. Medicaid expenditures increased from \$2.6 billion in FY 95 to \$4.1 billion in FY 2000 (an increase of 58%). Medicare expenditures increased from \$1 billion to \$1.7 billion between FY 95 and FY 2000 (a 70% increase), while spending by the Ryan White Care Act increased the most dramatically (from \$657 million in FY 95 to \$1.6 billion in FY 2000, an increase of 143%).² (See Figure 4)
- Changing utilization patterns have also led to shifts in Medicaid costs.^{7,8} Analysis of the HCSUS data, for example, found that inpatient expenditures for Medicaid beneficiaries with HIV/AIDS were 48% less in October 1997 compared to January 1996, while drug costs increased by 53%. Total Medicaid treatment costs were 28% less in the second period.¹¹

- Due to the extensive health needs of persons with HIV/AIDS, their Medicaid costs are higher than those of Medicaid beneficiaries overall. Analysis of HCSUS data found that mean monthly medical costs for Medicaid beneficiaries were \$1,776 or approximately \$21,300 per year.¹¹ This compares with average monthly Medicaid costs of \$704 per disabled beneficiary (\$8,448 annually) and \$153 per month per adult beneficiary (\$1,836 annually).¹² However, for some conditions, such as those that require institutionalization, Medicaid costs are as high as \$80,000 per person per year.¹³



Undoubtedly, Medicaid will continue to play a very significant role for low-income people with HIV/AIDS, particularly as the epidemic increasingly affects those who are poor. There are several key policy issues and challenges concerning Medicaid and HIV/AIDS, including rising prescription drug costs, limitations in eligibility rules, the increasing move to managed care, and concerns about quality of care. As the HIV/AIDS epidemic and treatment strategies for addressing it continue to change, these challenges will be all the more important for policymakers and advocates to address.

ENDNOTES

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