

Medicare Matters for People Living with HIV/AIDS

Medicare is a publicly funded health insurance program that provides medical care and related services to 39 million eligible individuals, including 35 million elderly beneficiaries and 5 million disabled persons. While Medicare predominately insures people over 65, Medicare also covers disabled individuals, including people living with AIDS.

There are three components of the Medicare program. Part A covers inpatient hospital services, skilled nursing care, home health, and hospice care. Part B covers outpatient physician services, laboratory services, medical equipment, and preventive screenings. Medicare's hospital costs (Part A) are paid by employers and employees through Social Security payroll taxes. Supplemental medical insurance (Part B) is paid by a combination of general revenue and beneficiary premiums, which cost \$50 each month. Part C is the provision of all Medicare covered services through managed care plans. While some Medicare managed care plans previously provided additional services to Medicare beneficiaries, including prescription drugs, the number of plans providing prescription drugs

and other services to Medicare beneficiaries is decreasing.

Medicare is not a comprehensive insurance program that provides benefits at no cost to the beneficiary.

Medicare covers inpatient and outpatient hospital care, physician services, home health care, hospice care, skilled nursing care, laboratory services, medical equipment, and preventive screenings (e.g., mammograms and other cancer screens). The Medicare program requires co-payments and deductibles. For example, Medicare beneficiaries pay almost \$800 towards their own hospital care through a deductible before Medicare provides comprehensive coverage. Outpatient physician care and related services have a \$100 deductible and a 20% co-payment.

One of the most important services not covered by Medicare is prescription drugs. [Drugs that are administered during a hospital stay, or other drugs that cannot be self-administered, are covered for Medicare beneficiaries.] Medicare beneficiaries often rely on supplemental Medigap insurance plans, private insurance, or Medicaid to create a comprehensive benefit package that can support additional services not

One in five people living with HIV/AIDS in the United States depends on the Medicare program for health insurance.

covered by Medicare, including prescription drugs. Supplemental Medigap plans can be expensive and may not even meet the needs of people with HIV/AIDS – plans may provide limited or no prescription drug coverage. Medigap plans that provide some relief often cover 50% of drug costs up to a maximum of \$1,500 or \$3,000, depending on the policy.

Medicare and AIDS

As of June 2000, there are approximately 900,000 people living with HIV and AIDS in the United States. While the number of people dying from AIDS has declined as a result of drug therapies, the increasing numbers of people living with HIV and AIDS highlights the need for comprehensive HIV/AIDS health care services.

Life-sustaining anti-retroviral therapies for people living with HIV/AIDS cost an average of \$10,000 to \$12,000 dollars each year. Additional physician visits, lab tests and prophylactic drugs bring the cost to \$20,000. These treatments are critical for many people with HIV/AIDS, who often cannot access them without prescription drug coverage.

One in five people living with HIV/AIDS in the United States depends on the Medicare program for health insurance. Public health insurance programs pay for almost half of the medical care for people with HIV/AIDS in the United States through Medicare, Medicaid, or a combination of both programs. An additional 33% of people with HIV/AIDS are privately insured and 20% are uninsured. People living with HIV/AIDS also rely on the Ryan White CARE Act for prescription drugs and related services.

The Medicare program spent almost two billion dollars in HIV/AIDS care in 2000. This amounts to 28% of the government spending on people with HIV/AIDS in 2000. Medicare spending on

HIV/AIDS has increased dramatically in the last five years, from one million dollars to 1.7 million dollars.

While Medicare provides important health insurance coverage for people living with HIV/AIDS, there is a long waiting period before disabled individuals under age 65 can begin receiving Medicare. Individuals living with HIV/AIDS are eligible for Medicare if they are disabled and have worked long enough to qualify for Social Security Disability Insurance (SSDI). People under 65 qualify for SSDI after the Social Security Administration determines that they are disabled. Federal law requires that individuals wait five months after a disability determination is made before receiving SSDI benefits and an additional two years after receipt of SSDI benefits before receiving Medicare. Ultimately, this results in a two and a half year wait before a disabled individual under age 65 is eligible for Medicare. Most people living with HIV/AIDS on Medicare are disabled and receive SSDI.

Medicare beneficiaries with HIV/AIDS are more likely to rely on Medicaid to supplement Medicare than the general Medicare population. More than one in six people receiving care for HIV disease are dually eligible for both Medicare and Medicaid. Dual eligibles are often poor, with significant health care needs and chronic illnesses. The numbers of people with HIV/AIDS who are dually eligible is growing, as people living with HIV/AIDS are living longer and are more likely to qualify for Medicare.

Implications for Medicare Reform

Fourteen million Medicare beneficiaries currently do not have any prescription drug coverage. While it is not known how many of these Medicare beneficiaries are people living with HIV/AIDS, it is clear that Medicare beneficiaries

without prescription drug coverage cannot fill their prescriptions because of the exorbitant costs of medication. Even Medicare beneficiaries with additional insurance that includes drug coverage are likely to have significant co-payments as a result of cost sharing and benefit limits.

Medicare reform matters to people living with HIV/AIDS. The inclusion of an affordable, comprehensive Medicare prescription drug program would meet an important health care need of people living with HIV/AIDS who depend on Medicare.