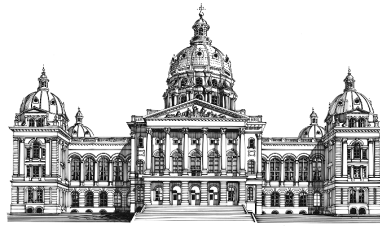


Iowa Legislative Fiscal Bureau



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AIDS: Impact On Cost Of Health Care, Health Care Industry Staff, And Health Insurance

ISSUE

An examination of the Acquired Immune Disease Syndrome (AIDS) as related to the cost of health care for persons with AIDS in Iowa, the impact of availability of line staff in the health care industry, and the impact on insurance.

AFFECTED AGENCIES

Department of Public Health (DPH)

Department of Human Services (DHS)

CODE AUTHORITY

Chapter 141, Code of Iowa

BACKGROUND

AIDS reporting in Iowa began on August 3, 1983. The following table indicates the number of AIDS cases reported in Iowa.

Calendar Year	Number of AIDS Cases Reported	Federal Funds
1983	1.00	\$ 0
1984	4.00	0.00
1985	12.00	0.00
1986	19.00	52,172
1987	35.00	106,656
1988	47.00	393,942
1989	49.00	901,861
1990	65.00	1,106,851
1991	85.00	1,106,851

CURRENT SITUATION

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This situation raises 3 issues with which this analysis deals:

1. The cost of health care for persons with AIDS in Iowa.

According to a recent study published by the Agency for Health Care Policy and Research (AHCPR), yearly treatment for a person with AIDS costs \$32,000; \$24,000 for hospital care and \$8,000 for doctors' visits, drugs, and other outpatient care. The yearly cost of drugs, tests, doctors' visits, and other health care for people with HIV infection, but not an AIDS diagnosis, is \$5,150.

A new study by the AHCPR shows significant differences across the United States in the length of hospital stays and how the care is paid for. The attached table provides an overview of the average length of stay, total charges, and charge per day for adult AIDS hospitalizations participating in the Hospital Cost and Utilization Project. (Attachment #1)

According to the DPH the cost statements are not available regarding specific information for the cost of health care for an AIDS patient in Iowa hospitals. This is due to the fact that the data for AIDS patients has not been collected based upon such a classification. The 1991 Fourth Quarter Report from the Medicaid Program shows that 37 clients had an AIDS diagnosis with 210 claims for which the Program paid \$250,844.

2. The impact of availability of line staff in the health care industry.

The DPH is not aware of any hospitals or long term care facilities adding staff to care for AIDS patients. The Board of Nursing Examiners in the DPH states that no additional staffing or training is taking place in Iowa to provide care for AIDS patients.

According to studies, the most cost effective treatment and care of AIDS patients is caring for patients in the home, utilizing home health care and public health nurses. Currently, federal funding is available to provide financial assistance to qualified HIV infected persons in the home, therefore, the focus of the DPH and DHS is on such services. The DHS provides assistance through the Medicaid Waiver Program and the DPH utilizes federal funds through the Ryan White Care Act of Title II.

3. The impact on insurance.

According to the DPH and based upon information received from a major Iowa insurance company, approximately \$630,000 was paid for insurance claims for AIDS related diagnosis in a 5 year period. (Attachment #2) This information probably does not include all AIDS diagnosis because often the claim is submitted under a cancer, pneumonia, or respiratory illness which may be due to HIV infection and, therefore, would not be shown on the table.

The AIDS legislative task force study states that 62% of the general population have private insurance, while only 38% of persons with AIDS have private policies. Many HIV positive persons and persons with AIDS have difficulty maintaining insurance as they become ill and impoverished. Such individuals use Medicaid or other programs for financial assistance.

ALTERNATIVES

Through FY 1992, no General Fund money was spent on AIDS in Iowa. Therefore, alternatives are limited. The following are 3 alternatives which the Legislature may wish to examine.

1. Reviewing the utilization of State funds appropriated to the Homemaker-Home Health Aide (HHHA) and Public Health Nursing (PHN) Programs in the DPH. These programs assist

individuals in homes, which is the most cost-effective use of funds for AIDS patients, according to the DPH.

2. Implementing a State-funded program to pay the premiums of impoverished persons with AIDS so that they can remain privately insured. This action would keep disabled persons with AIDS off the Medicaid Program at a considerable cost savings to the State. States such as Michigan, Minnesota, Colorado, and Texas, which have this concept in place, estimate the average monthly premium costs \$125 to \$138. The average monthly costs for Medicaid recipients with HIV disease or AIDS is \$1,600 to \$1,800.

Requesting that the Iowa Hospital Association or the Health Data Commission (HDC) survey hospitals, long term care facilities, home care providers, hospice programs, outpatient programs, pharmacy costs, etc., with the intent of gathering the data on the statewide cost of providing care to AIDS patients and persons having a positive HIV result.

BUDGET IMPACT

Since no FY 1992 General Fund money was spent on AIDS in Iowa, there is a limited budget impact. However, regarding the aforementioned alternates:

The HHA and PHN Programs are established programs. The requirements for participation in the programs could be modified to allow assistance to AIDS patients without additional funding.

Based upon approximately 150 AIDS patients of which 93 (62%) do not have private insurance times a monthly premium of \$130, the cost to the General Fund for this type of program would be \$145,080. Note: With the enactment of SF 2393, DHS has been appropriated \$60,000 to pay health insurance premiums of HIV and AIDS patients. While this is an effort toward accomplishing the 2nd alternative, the funding does not cover the identified AIDS patients nor those individuals testing HIV positive.

The estimated cost of a HDC survey to accomplish the 3rd alternative is \$5,000 for a 2-year historical of hospital, inpatient data and \$50,000 for a full scale analysis of the data.

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Table 4. Average length of stay, total charges, and charge per day, with 95 percent confidence intervals (in parentheses), for adult AIDS hospitalizations in HCUP sample hospitals, 1986-1987, by geographic area

Geographic area	Length of stay	Total charges	Charge per day
Overall	14.8 (14.5 - 15.1)	\$11,225 (10,849 - 11,602)	\$ 984 (967 - 1,000)
New York	18.8 (18.1 - 19.5)	13,929 (12,050 - 15,808)	775 (734 - 816)
California	10.3 (9.9 - 10.7)	10,443 (9,972 - 10,913)	1,087 (1,065 - 1,108)
Other Northeast	13.7 (13.0 - 14.5)	12,128 (10,725 - 13,531)	900 (838 - 963)
North Central	13.1 (12.4 - 13.9)	10,714 (9,386 - 12,042)	864 (811 - 917)
South	14.4 (13.5 - 15.3)	12,596 (11,679 - 13,513)	948 (900 - 996)
Other West	11.8 (10.7 - 12.9)	9,697 (8,592 - 10,802)	954 (907 - 1,001)

SOURCE: Hospital Cost and Utilization Project, Division of Provider Studies, Agency for Health Care Policy and Research

IASD Health Services Corp.

	<u>Total # of Claims</u>	<u>Total # of AIDS Related Claims</u>	<u>Total \$ Amount Of Claims</u>	<u>Total \$ Amount of AIDS Related Claims</u>	<u>Contingency Reserve For AIDS (if Any)</u>
1987	7,914,603	Not available.	\$549,064,485.41	Not available.	None.
1988	8,508,805	186 *	\$589,168,861.44	\$19,413.52	None.
1989	9,284,271	313 *	\$636,184,718.65	\$157,234.02	None.
1990	10,809,180	439 **	\$772,369,915.47	\$291,756.47	None.
1991	11,638,523	629 ***	\$852,637,419.50	\$160,662.91	None.
Total				<u>\$629,066.92</u>	

- * We have identified 7 people who utilized inpatient services.
- ** We have identified 9 people who utilized inpatient services.
- *** We have identified 11 people who utilized inpatient services.

Actuarial Services
1/27/92