

# Medicaid and the Early Treatment for HIV Act

## Medicaid is an Essential HIV/AIDS Health Care Program

Medicaid is a critical component of the U.S. response to HIV disease. Funded by both federal and state governments and run by states, Medicaid is the single largest source of funding for health care for people living with HIV/AIDS and at the core of the HIV/AIDS care delivery system.

One of the keys to Medicaid's success in providing health care services to some of the most vulnerable people living with HIV/AIDS, and other low-income and poor Americans, is its entitlement status. This status ensures that every person who qualifies for the program receives services as federal and state funding increase to meet demand.

*Medicaid is an increasingly important part of the health care delivery system for people with HIV/AIDS.*

- Between 1995 and 2002, Medicaid spending for HIV/AIDS care more than doubled.
- In FY 2002, Medicaid paid for \$7.7 billion of HIV/AIDS health care services, compared to Medicare (\$2.2 billion) and Ryan White CARE Act programs (\$1.9 billion).
- Medicaid serves 55 percent of people with AIDS. Over 90 percent of children with HIV/AIDS rely on Medicaid.
- Community-based health centers, hospitals, and academic medical centers depend on Medicaid for payment for health care services to people with HIV/AIDS.

*Medicaid is a core component of the fragile community-based system of care and support services for people living with HIV and AIDS.*

- CARE-Act-funded programs can stretch limited grant funds to provide a broad range of essential care and services not covered under Medicaid, because Medicaid provides eligible people with HIV and AIDS a guaranteed package of benefits including physician, clinic, laboratory and hospital services.
- Medicaid relieves some of the overwhelming demand on AIDS Drug Assistance Programs (ADAP). While not a mandated Medicaid benefit, every state Medicaid pays for at least some prescription drugs for its beneficiaries.

## Medicaid Cuts and "Modernization" Are an Attack on Medicaid

The House of Representatives unsuccessfully proposed a \$92 billion dollar cut in Medicaid spending over the next ten years. The Bush Administration has proposed a "Medicaid Modernization" plan that would dismantle Medicaid in its current form, putting eligibility and services for many Medicaid beneficiaries, including people with HIV/AIDS, at great risk.

The Bush plan would give states increased flexibility and temporary fiscal assistance, in return for an irrevocable cap on federal Medicaid spending. It would also loosen federal rules and beneficiary protections, and loan states funds to ease their current fiscal burdens, but then require states to pay the loans back through federal payment reductions after seven years. This proposal could cripple state Medicaid programs' ability to serve increased caseloads or provide adequate medical care, including new, more expensive anti-HIV treatments. Caps would also limit the states' ability to respond to emerging epidemics or public health crises. Proposed funding cuts could also cripple the program.

It is crucial that Congress:

*Reject Medicaid reform proposals that would:*

- Eliminate the entitlement status of the program.
- Cap the program or dismantle the federal/ state funding partnership.
- Restrict a beneficiary's access to a broad range of services and supports or remove beneficiaries from coverage.

*Support:*

- A temporary increase in the portion of the Medicaid program paid for by federal government, known as the Federal Medical Assistance Percentage (FMAP).

## Principles for Preserving Medicaid

In order to ensure that Medicaid continues its vital role in HIV/AIDS health care, changes to the Medicaid program must uphold the following principles:

*Protect the individual entitlement to Medicaid and maintain the federal-state funding partnership.*

- Maintaining entitlement status ensures that eligible individuals receive the services they need, avoiding costly emergency and hospital care, increased illness, and preventable deaths.
- The ability of states to continue to provide comprehensive and appropriate health care services to beneficiaries, including people living with HIV, depends on protecting the matching structure of federal financing for Medicaid.

*Reject federal funding caps for Medicaid.*

- President Bush's reform plan would cap federal funding based on predicted future costs. Historically, the ability to predict Medicaid costs has been poor. In 1998, the Congressional Budget Office (CBO) made a projection for 2002 Medicaid spending that was \$17 billion below actual expenditures. Any caps, including those proposed in the president's plan, would cause states to limit eligibility or cut services to vulnerable populations.
- Caps would threaten the program's ability to respond to emerging diseases, such as the potential SARS epidemic.
- Caps could also affect quality of care. In HIV care, Medicaid played an important role in making available expensive, but effective and ultimately cost-saving therapies, such as highly active antiretroviral therapy (HAART). Access to these medications has led to significant declines in HIV-related deaths in the U.S. Caps would make it difficult or impossible to deliver new and potentially life-saving therapies.

*Protect access to a broad range of services and supports.*

- Restrictions on coverage and limited benefits will undermine the gains made in preserving the health of many people living with HIV and AIDS. Ultimately, coverage restrictions will increase costs as people will become sicker and require more costly care.

Instead of federal funding cuts, Congress should provide a temporary funding increase in the Federal Medical Assistance Percentage (FMAP).

## Expanding Medicaid— The Early Treatment for HIV Act (ETHA)

The current Medicaid program has a life-threatening gap in most states—people living with HIV must become disabled with an AIDS diagnosis before qualifying for the Medicaid care and services that could have prevented them from becoming so ill.

The Early Treatment for HIV Act (ETHA) would allow states the option to readily amend their Medicaid eligibility requirements to include pre-disabled poor and low-income people living with HIV. By allowing states to provide Medicaid coverage for people with HIV as soon as they test positive for the virus, ETHA would bring Medicaid eligibility in line with the federal government guidelines on the standard for treating HIV disease. Senators Gordon Smith (R-OR) and Hillary Clinton (D-NY) are the lead co-sponsors of ETHA (S. 847) in the Senate. The bill has not been introduced in the House yet, but the lead sponsors are Rep. Jim Leach (R-IA) and Rep. Nancy Pelosi (D-CA).

AIDS advocates urge members of Congress:

- To sign on to ETHA as a co-sponsor.
- To actively encourage other members to sign on.

Passage of ETHA would provide significant health and economic benefits, including:

- Eliminating barriers to care and disparity in health outcomes for the most vulnerable populations;
- Slowing disease progression and improving quality of life and survival through access to care and treatment;
- Encouraging testing and behavior change by providing early access to care and treatment;
- Reducing viral load;
- Reducing transmissibility of the virus.