

# Medicaid Will Improve Outcomes, Lower Costs for People with HIV



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Adopting health reform's Medicaid expansion would allow uninsured adults with HIV to receive needed care while saving states money. Medicaid is the largest source of health care coverage for people with HIV, covering approximately a quarter of the 1.1 million Americans with HIV.<sup>1</sup> Nearly half of Americans with HIV who get regular care are able to do so because of Medicaid.<sup>2</sup> Despite the critical role of Medicaid in covering people with HIV/AIDS, many adults with HIV do not qualify for Medicaid coverage even when their incomes are very low. To date, in most states, Medicaid is only available when the disease is very advanced, at which point individuals can qualify on the basis of having a disability.

Starting in 2014, however, states can cover low-income adults with HIV before their conditions progress to the point where they become disabled. The Affordable Care Act (ACA) allows states to extend Medicaid coverage to most low-income adults earning less than 138 percent of the poverty line. Moreover, states can do so at minimal cost since the federal government will pay 100 percent of the cost of the expansion in the first three years, before phasing down to 90 percent for 2020 and all subsequent years.

## **Medicaid Expansion Would Provide Early Treatment and Reduce the Long-Term Costs of Treating Individuals with AIDS**

As noted, today, individuals with HIV typically qualify for Medicaid only when they are disabled or they have been diagnosed with AIDS. But that is when treatment is the most costly. Research shows that it costs 2.6 times as much to treat someone with AIDS as it does to treat someone earlier in the course of the HIV disease.<sup>3</sup>

States that adopt the Medicaid expansion will provide people with HIV better access to early and continuous treatment, often in the form of antiretroviral drugs. Providing access to continuous coverage has been shown to significantly reduce the risk of further transmission and delay progression to more debilitating and costlier stages of the virus.<sup>4</sup>

Massachusetts' experience illustrates the positive impact Medicaid coverage can have on people with HIV. Since 2001 when Massachusetts began implementing reforms that culminated with the passage of its comprehensive health reform law in 2006, 91 percent of Massachusetts residents who need HIV medications have received them, compared to 36 percent of Americans nationwide.<sup>5</sup> In the last ten years, health outcomes have improved, hospitalizations and health care costs have

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<sup>1</sup> "HIV in the United States: The Stages of Care," Centers for Disease Control and Prevention, July 2012.

<sup>2</sup> Jen Kates, "Medicaid and HIV: A National Analysis," Kaiser Family Foundation, October 2011.

<sup>3</sup> Ray Y. Chen, et al., "Distribution of health care expenditures for HIV-infected patients," *Clinical Infectious Diseases*, April 1, 2006.

<sup>4</sup> Jeffrey Crowley and Jen Kates, "The Affordable Care Act, the Supreme Court, and HIV: What Are the Implications?," Kaiser Family Foundation, September 2012.

<sup>5</sup> "Massachusetts Case Study: Health Reforms Lead to Improved Individual and Public Health Outcomes and Cost Savings," Center for Health Law and Policy Innovation of Harvard Law School, July 2012.

dropped, and new HIV diagnoses have declined dramatically even as they have increased nationally. As a result the Commonwealth estimates it has saved an estimated \$1.5 billion in HIV-related health care costs over this time period.<sup>6</sup>

### States that Expand Medicaid Can Save Money on Other HIV Treatment Services

Currently, low-income individuals with HIV who are not eligible for Medicaid can access prescription drug coverage via AIDS Drug Assistance Programs (ADAPs), which operate in all 50 states and the District of Columbia. While federal funding provides the greatest share of funding for ADAPs, state funds made up 16 percent of the \$1.9 billion spent in 2011 nationwide.<sup>7</sup> In recent years, flat federal funding and the economic downturn have strained ADAPs, causing states to respond with a combination of measures, including increasing state contributions, imposing waiting lists on their programs, and limiting the type of drugs available to enrollees.

The Medicaid expansion thus provides an opportunity for states to move individuals receiving treatment through ADAPs — and those on waiting lists — to the more comprehensive coverage provided by Medicaid. In June 2011, 56 percent of people enrolled in ADAPs had incomes below 138 percent of poverty, and would likely qualify for Medicaid under the expansion.

States undecided about the Medicaid expansion are among those that contribute the most state funds to their ADAP and thus have the greatest potential to realize state savings by expanding Medicaid. For example, 50 percent of North Carolina’s ADAP budget in 2011 (\$28.6 million) came from state funds. In June 2011, 83 percent of the individuals in North Carolina’s ADAP had incomes below 138 percent of poverty and would have been Medicaid eligible under an expanded program. In Alabama, the state funded 25 percent of the 2011 ADAP budget (\$4.4 million), and 81 percent of its clients in June 2011 would have been Medicaid eligible. These are *minimum* savings states can expect to realize from extending Medicaid coverage to more of their residents with HIV. State funds spent on the uninsured in other settings, such as emergency rooms and inpatient hospitalizations, will likely drop as well.

The ACA’s Medicaid expansion has the potential to both benefit many people with HIV/AIDS and save states money. Those with HIV/AIDS will gain access to comprehensive health coverage that will help them better manage their condition. And states will not need to spend as much money on other programs that currently assist low-income uninsured individuals with HIV.

States Can Move Many ADAP Enrollees Into Medicaid Coverage	
	Percent of enrollees likely to qualify for Medicaid
Oklahoma	99%
West Virginia	87%
North Carolina	83%
Idaho	82%
Alabama	81%
Illinois	78%
Virginia	74%
Oregon	73%
Georgia	72%
Mississippi	72%

Based on June 2011 enrollment. Source: National Alliance of State and Territorial AIDS Directors, “National ADAP Monitoring Project Annual Report,” August 2012.

<sup>6</sup> Press release, “Center for Health Law and Policy Innovation of Harvard Law School Shares Findings Demonstrating the Importance of National Health Reform,” Center for Health Law and Policy Innovation of Harvard Law School, June 28, 2012.

<sup>7</sup> “National ADAP Monitoring Project Annual Report,” National Alliance of State and Territorial AIDS Directors, August 2012.