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THE WHITE HOUSE

WASHINGTON

Remarks of
Patricia S. Fleming
National AIDS Policy Director
to
National Public Health and Hospital Institute
Press Conference

May 31, 1995

GOOD MORNING:

Thank you Dennis Andrulis and the National Public Health and Hospital Institute for asking me to participate in today's news conference. I also want to express my appreciation to Dennis and the Institute for their continuing commitment to tracking the impact of the AIDS epidemic on our health care institutions, particularly the public hospitals, which bear such a heavy part of that burden.

I am pleased to be here today to help release this important study. If we, as a nation, are able to provide the care that people living with HIV and AIDS need, we must have hospitals that are able to bear the cost of that care and maintain the high quality services that our people require.

The study being released today contains some vital information for those of us who try to guide our national response to HIV and AIDS. It makes clear that our public and private hospitals are making a tremendous contribution to the care of people living with HIV and AIDS.

But far too many hospitals are providing that care at a financial sacrifice. As Dennis explained, the average loss to hospitals for each AIDS case is more than \$92,000. That's a shocking figure and one that demands our attention. In our highly competitive health care system, many hospitals will not be able to carry such losses for very long.

A major reason for these losses is the fact that a large percentage of people with HIV and AIDS either rely on Medicaid or have no health insurance at all. Earlier reports have shown that an estimated 40 percent of people with AIDS are enrolled in Medicaid. Another 25 percent have no insurance at all. Thirty percent have private health insurance and 5 percent receive Medicare. And, when it comes to children with AIDS, the numbers are even more dramatic -- 92 percent of pediatric AIDS cases are paid for by Medicaid.

These disparities in coverage are reflected in the study being released today. Overall, in 1991, Medicaid paid 45.5 percent of the cost of hospital care for people with AIDS and 53.3 percent of such costs for people with HIV disease. Medicare paid another 7.5 percent of AIDS care costs and 6.1 percent of HIV care costs.

And, because of their lack of insurance, people with AIDS are paying nearly one-fifth of their hospitals costs out of their own pockets. And people with HIV disease are paying one-quarter of their hospital bills themselves.

In the face of these statistics, it is frightening to see the Congress considering proposals to eliminate the Medicaid program and replace it with an underfunded and ill-conceived block grant program.

The budget resolutions recently approved by House and Senate Republicans would take a meat ax to the Medicaid program at a time when people with AIDS are increasingly reliant on its coverage. The Senate version of this bill calls for \$154 billion in Medicaid cuts over the next seven years. The House version includes \$174 billion in cuts.

These Republican budget proposals pose a grave threat to the lives of people living with AIDS. In fact, they are as much of a threat as is the virus that is in their bodies.

With significantly less money to spend, states will be faced with some impossible choices. They can try to reduce what they are paying for services. They can eliminate coverage of certain benefits. Or they can cut millions of people off of the Medicaid rolls.

The study released today makes it clear that the first option would leave many of our public institutions in economic peril. When hospitals are already absorbing an average loss of \$92,000 per AIDS patient, how will they absorb cuts of this magnitude?

Elimination of coverage for certain services also poses a significant danger. For example, most people with AIDS take a number of highly expensive prescription drugs. Cuts in that area would deprive them of these life-saving treatments.

Finally, if states choose to cut their Medicaid rolls, people with AIDS could be handed their death warrant. Where will those individuals go? Who will sell them an insurance policy? And at what price?

Medicaid is already the last resort for people with AIDS. It is their safety net. If Medicaid is pulled out from under people with AIDS, they will have virtually nowhere to turn.

That's one reason why the Clinton Administration is so strongly opposed to these Republican Medicaid proposals. The President has made it clear that he is willing to work with the Congress to enact a set of comprehensive health care reforms that reduce the cost of programs like Medicaid without hurting the health of Americans who rely on its coverage. Let me add my voice to that call today. These huge cuts do not make sense and they will not protect the health of our nation.

Let me again thank Dennis and the National Public Health and Hospital Institute for including me today.

Thank you.