

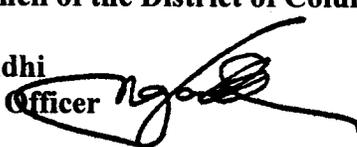
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** May 16, 2008

**SUBJECT:** Fiscal Impact Statement: "Insurance Coverage for Emergency  
Department HIV Testing Amendment Act of 2007"

**REFERENCE:** B17-487 (as Introduced)

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**Conclusion**

Funds are not sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. Because it is estimated that the legislation would not take effect before September 30, 2008, there is no fiscal impact estimated for FY 2008. The Department of Health (DOH) can absorb estimated costs within its agency budget in FY 2009. The proposed legislation would result in a negative fiscal impact of \$396,100 in FY 2010 through FY 2012.

**Background**

The proposed legislation would amend D.C. Official Code § 31-2801 to require that health insurers provide health insurance benefits to cover the cost of a voluntary, annual HIV test for any insured patient between the ages of 13 and 64 years of age when the insured is receiving emergency medical services at a hospital emergency department.

The proposed legislation would also require that Emergency Department (ED) personnel advise eligible patients that unless they withhold consent,

- an HIV test will be performed;
- the cost of the test will be covered by their health insurer;
- the results are confidential; and,
- in the case of a positive test result, where to obtain health care and supportive services.

## Financial Plan Impact

Funds are not sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation, although there is no fiscal impact in FY 2008, as it is estimated that the legislation would not take effect before September 30, 2008. DOH can absorb the \$63,400 in estimated costs of implementing the proposed legislation in FY 2009; however, it is estimated that the proposed legislation would result in a negative impact of \$396,100 in FY 2010 through FY 2012 due to increases in costs to the Medicaid and Alliance insurance programs assuming higher implementation rates in those years of 70%, 90%, and 90%, respectively.

Utilization of EDs in the District of Columbia varies significantly by insured class. Those covered by private insurance made up 32.5% of total ED visits in FY 2005, the most recent year for which data are available. In comparison, uninsured patients made up 19.0% of visits, Medicaid and Alliance patients made up 37.1% of visits, and Medicare patients 11.4% of visits.

Given the age restrictions on the testing guidelines included in the proposed legislation (i.e., those over 64 do not fall within the testing eligibility guidelines), it is assumed that the Medicare program would incur no cost increases as a result of implementation of the proposed legislation. Further, uninsured ED patient care is generally absorbed by providers and passed-on to insured patients through standard pricing structures used by providers. Therefore, the costs of implementation of the proposed legislation to the District of Columbia government would be limited to increases in costs to the Medicaid and Alliance insurance programs.<sup>1</sup>

The three managed care organizations that enroll all Medicaid and Alliance enrollees report a total of 10,758 Medicaid enrollees between the ages of 13 and 64 with an ED visit, and 5,574 adult Alliance enrollees with an ED visit in 2006. The D.C. Department of Health (DOH) estimates that approximately 40% of age-appropriate ED patients meet other eligibility requirements for testing and would accept the offer of testing in an ED setting.<sup>2, 3</sup> We assume here that similar ED utilization by Medicaid and Alliance enrollees will continue throughout the estimation period.

Further, based on performance of pilot testing programs at GWU Hospital and other urban areas, it is assumed that full implementation of the HIV testing program across all D.C. hospital EDs would be phased in over the course of three or more years. DOH estimates that implementation rates would be 40% in 2009, 70% in 2010; and 90% in 2011 and 2012.

Assuming billing costs of \$45 per test, and taking into account federal government reimbursement of 70% of Medicaid costs, total increases in costs that would accrue to the District of Columbia government are included in the table below.

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<sup>1</sup> While the District of Columbia government is a consumer of private health insurance for its employees, it is not estimated that the proposed legislation would have any impact on premium costs.

<sup>2</sup> Other eligibility requirements may include that the ED patient: not require urgent care; have an unknown or previously negative HIV status; speak English or Spanish; and present no evidence of an altered mental status.

<sup>3</sup> This estimate is based on pilot testing programs at George Washington University Hospital, as well as other CDC pilots in urban areas.

Estimated Increase to Medicaid and Alliance Programs (in Thousands)					
	FY 2009	FY 2010	FY 2011	FY 2012	4 Year Total
Impact on Medicaid & Alliance	\$117.6	\$205.8	\$264.6	\$264.6	\$852.5
Less: 70% Federal Medicaid Reimbursement	(\$54.2)	(\$94.9)	(\$122.0)	(\$122.0)	(\$393.1)
<b>Impact on Local Funds</b>	<b>\$63.4</b>	<b>\$110.9</b>	<b>\$142.6</b>	<b>\$142.6</b>	<b>\$459.4</b>

Source: Office of Revenue Analysis

### Sources

Branson, Bernard M., Associate Director for Laboratory Diagnostics, National Center for HIV, Viral Hepatitis, STD, and TB Prevention, Centers for Disease Control and Prevention.

Brown, Jeremy, et al. *Routine HIV Screening in the Emergency Department Using the New US Centers for Disease Control and Prevention Guidelines: Results from a High-Prevalence Area.* Journal of Acquired Immune Deficiency Syndrome, Volume 46, Number 4, December 1, 2007, pp. 395-400.

RAND Health. *Assessing Health and Health Care in the District of Columbia.* Working paper prepared for the Executive Office of the Mayor, District of Columbia, January 2008.