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## FISCAL IMPACT REPORT

SPONSOR: Trujillo DATE TYPED: 2/20/03 HB 485

SHORT TITLE: HIV & AIDS Drugs SB \_\_\_\_\_

ANALYST: Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$2,000.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

#### Responses Received From

Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

House Bill 485 appropriates \$2 million from the general fund to the Department of Health to provide New Mexico residents with prescription drugs and services related to HIV and AIDS.

#### Significant Issues

1. The number of New Mexicans living with HIV/AIDS who benefit from effective medical care continues to increase as fewer people now die from AIDS. Health care resources spent on effective management of HIV/AIDS significantly improve quality of life and prevent the costly consequences of end-stage disease.
2. HIV prevention efforts in New Mexico have been effective at maintaining low rates of HIV/AIDS through targeted outreach to communities at risk. Each case of HIV/AIDS that is prevented saves more than \$150,000 in lifetime medical care costs. Resources spent on HIV prevention and quality medical care save money by decreasing the need for hospitalizations, home health care, hospice care and the treatment of debilitating AIDS-related illnesses.

3. SB49 would provide resources for HIV/AIDS medical and prevention services needed to serve an expanding population. If HIV prevention efforts are not redoubled, recent increases in New Mexico syphilis and gonorrhea rates will likely be followed by an increase in HIV infections.

### FISCAL IMPLICATIONS

The appropriation of \$2,000.0 is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY2004 shall revert to the general fund.

The following table shows the trend of an increase in federal funding and a decrease in state funding.

	FY 2001	FY 2002	FY 2003
<b>HIV/AIDS Services</b>			
Federal	\$2,700.0	\$2,800.0	\$3,000.0
State	\$7,300.0	\$7,200.0	\$5,800.0
<b>HIV Prevention</b>			
Federal	\$2,200.0	\$2,300.0	\$2,800.0
State	\$1,400.0	\$1,100.0	\$1,000.0

The state funding is entirely general fund except for \$426.0 per year for HIV services and \$44.0 per year for prevention which have been appropriated from the Tobacco Settlement.

### ADMINISTRATIVE IMPLICATIONS

DOH can manage the additional funding with existing staff.

### OTHER SUBSTANTIVE ISSUES

1. Prior to 1996, most HIV/AIDS health care resources were spent on hospitalizations for AIDS-related diseases, home health care and hospice care of people debilitated by end-state AIDS. At that time, there was no effective treatment for HIV infection itself. In 1996, effective medical treatment of HIV disease became available for the first time.
2. Deaths attributable to HIV/AIDS in New Mexico have dropped from 173 deaths in 1995 to 29 deaths in 2002. As deaths have dropped precipitously, the number of New Mexicans living with HIV/AIDS has increased from 1516 in year 2000 to 1707 in year 2003. HIV/AIDS health care costs have shifted from end-of-life care to long-term outpatient management of HIV disease of an increasing population of HIV-infected clients. This has resulted in a dramatic shift in cost centers with decreasing costs incurred by Medicaid and the Human Services Department (HSD) and increasing costs incurred by the DOH.
3. In the last two years, the DOH has been able to maintain services to the expanding HIV client population because of increased federal funding that has compensated for decreasing state funding. Because client enrollment continues to increase, the DOH must now

consider cutting back on HIV medical care services. The appropriation contained within SB49 would help to avert those cuts.

4. If HIV/AIDS prevention and medical care services are cut, more New Mexicans living with HIV/AIDS will develop end-stage disease. Costs will then shift back to end-of-life care including increased rates of hospitalization, home health care and hospice care. It is anticipated that increasing costs will then be incurred by Medicaid and the HSD.
5. The increasing costs in the medications program have been due to increasing client enrollment, not due to the costs of medications. Client enrollment is increasing because fewer New Mexicans are dying of HIV/AIDS as a result of effective medical treatment. The number of newly identified cases of HIV/AIDS remains stable.
6. The DOH HIV program disseminates prescription drugs indicated for the treatment of human immunodeficiency virus syndrome to New Mexico citizens who are financially unable to afford these medications. These drugs are included in a conservative formulary and expenses are accounted for on a daily basis in the pharmacy. Due to the expense of these drugs, federal funds will not ensure the availability of enough drugs to supply the needs of New Mexico citizens.
7. In addition to the expansion in enrollment, there is a need to expand the medications formulary to include recent advances in HIV treatment. A new class of HIV medications that prevents HIV from infecting cells will be available within the next year. This medication will not supplant other HIV medications but will be used in addition to those other medications. The cost of the HIV fusion inhibitor T20 is anticipated to be \$14,000 per client per year. The use of HIV fusion inhibitors will be severely restricted unless additional resources become available to the New Mexico HIV/AIDS Medications Program.
8. End-stage liver disease due to hepatitis C infection has become the leading cause of death among people living with HIV/AIDS. An effective treatment for hepatitis C has become available in the past year. The estimated cost of treatment for hepatitis C infection is \$15,000. The New Mexico HIV/AIDS Medications Program will be unable to include hepatitis C treatment unless new resources become available.
9. Behavioral health services are significantly impacted as referrals are integrated into the public health service system. Research has shown that substance abuse contributes to sexual risk taking behavior, which is closely related to an increase in HIV transmission.
10. Persons with co-occurring disorders have a higher likelihood of suicide, incarceration, family conflict, high service use and costs, as well as violence, and HIV infection. They are more likely to relapse and are at greater risk for hospitalization and homelessness.
11. Undocumented adolescent immigrants as a high-risk population, affected with AIDs and/or HIV, may not have any sources for health care except as provided in the appropriation in this bill.