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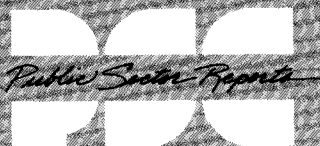
July 10, 1987



HEALTH POLICY BULLETIN

FOCUS: ALZHEIMER'S DISEASE

Joyce Kortman chaired the 58-member Michigan Task Force on Alzheimer's Disease and Related Conditions created by the Governor's Human Services Cabinet and staffed by the Michigan Department of Public Health. The task force report, to be released the week of July 6, estimates that by 1990, 214,000 people in Michigan (age 65 and over) will be affected by dementing disorders. Fifty-five percent will have Alzheimer's disease and the remaining 45 percent will have other disorders such as Parkinson's disease with dementia, multi-infarct dementia (small blood vessel disease in the brain), Huntington's disease, and progressive supranuclear palsy. Surveys by the task force of patient, caregiver, and provider populations found (1) greater prevalence among women than men of the dementing disorders, (2) nearly half the patient population is married and living with a spouse, (3) about one-third are married but living apart because the affected spouse is in a nursing home, (4) over two-thirds of the patient group have a diagnosis of Alzheimer's disease, and (5) 75 percent of people afflicted with dementing disorders were age 65 and over. Demand for community-based services considerably exceeds the supply. Comprehensive care management services, such as respite and day care programs and support groups for family members and caregivers, help postpone institutionalization in the early and middle stages of Alzheimer's disease.

Costs of care skyrocket as the disease progresses. Survey data show that annual spending ranges from under $1,000 to more than $35,000, with a median cost of $10,700. Limited services from home health agencies cost from $10,000 to $15,000 a year. Preliminary estimates from the U.S. House Select Committee on Aging (1985) indicate 16 percent of married couples age 66 and over are impoverished after 3 months of home care, 46 percent after one year, and 55 percent after two years. The costs are even higher for nursing home care; assuming only one spouse requires care, 33 percent of those age 66 and over will exhaust their resources after 3 months, 57 percent after one year, and 90 percent after 2 years.

The task force recommends that employers be encouraged to offer group coverage for home health and nursing home care, the Insurance Bureau work with companies to provide affordable policies for such care, the state fund noninstitutional community care programs through the Department of Mental Health, the federal government create a catastrophic illness benefit under Medicare, and spousal asset rules for Medicaid be revised.

Bills (HBs 4560-4578 and SBs 301-308) introduced in the Michigan legislature would provide for a low-cost, volunteer-based pilot program to postpone or prevent institutionalization, establish a community grant program to be funded through a state income tax refund check off and private donations, require nursing homes to provide in-service training for employees and staff in the management of Alzheimer's and related disorders, require third-party coverage (health and disability insurers, Blue Cross and Blue Shield, and health maintenance organizations) for the custodial care of Alzheimer's patients, and establish an Alzheimer's disease registry and autopsy program in the Michigan Department of Public Health to collect epidemiological data on dementia disorders.

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FOCUS: HEALTH COVERAGE

How to provide coverage for the working poor--the 35 million Americans and their families whose employers do not provide health insurance coverage--is a hot issue in Congress. The Employee Benefit Research Institute (EBRI) estimates that if every employer in 1985 had provided coverage to all employees working 35 hours and over per week and Medicaid coverage had been available to every person living 200 percent below the federal poverty level, about 30 million uninsured persons would have been protected. Senator Kennedy's (D-MA) bill (S.1265) would mandate employer-provided coverage for every person working 17.5 hours or more per week. Senator Chaffee's (R-RI) bill (S.1139) would broaden Medicaid and allow the working poor to buy Medicaid coverage.

OF INTEREST

The political chances of creating a national catastrophic insurance program are threatened by President Reagan's opposition to including prescription drug benefits and requiring the states to pick up Medicare costs for elderly persons living below the federal poverty line. Approximately eight different prescription benefits plans have been introduced, but two have emerged as leaders. Congressman Waxman (D-CA), a major leader on health issues, has shepherded his version through the House Commerce Committee. Waxman's plan contains a Medicare drug deductible of $500 a year, with monthly premiums for the benefit set at $3.20 in 1989 and $4.90 in 1990. Another version, approved by the House Ways and Means Committee chaired by Dan Rostenkowski (D-IL), features an $800 Medicare drug deductible with a 20 percent copay. The plan would be financed by a $1.80 monthly premium and an increase in the supplemental premium paid by the elderly who pay taxes. The biggest stumbling blocks (besides the administration's philosophical objections to the financing) are the very different cost estimates put out by the Department of Health and Human Services (HHS) and the Congressional Budget Office (CBO). HHS estimates the two versions would cost $1.1-8.4 billion annually; CBO says $1.1 billion is more likely. HHS puts per capita spending at $342 a year and figures the actual premiums needed would range from $18 to $24 a month in 1989 and would make the program self-financing; the CBO estimates annual per capita spending at $250 a year.

Governor Blanchard has been widely quoted as saying the cutoff in Medicaid funding for abortion means the state could face "skyrocketing welfare expenditures" and that caring for "18,000 more babies on welfare" could cost the state $200-300 million a year. Jacqueline R. Kasun, professor of economics at Humboldt State University, takes issue with that view. Citing a 1980 study comparing abortion numbers for Michigan, Georgia, and Ohio, she says that abortions for Medicaid-eligible women fell off 21 and 35 percent, respectively, when abortion funding was stopped in 1978 by Georgia and Ohio; and she notes that if the same percentage of pregnant women had aborted in 1978 as in 1977, there would have been 20 percent more abortions in 1978. Rejecting the assumption that if there had been no state funding for abortions, all these pregnancies would have resulted in live births, Dr. Kasun accounts for the decline in total births among Medicaid-eligible women, 4 percent in Georgia and 15 percent in Ohio, by suggesting that poor women are behaving in an economically rational fashion and that a substitution effect is occurring--when a previously free good (abortion) becomes expensive (has an out-of-pocket cost), consumers will turn to less costly substitutes (contraception or prevention of pregnancy). Whether or not the truth lies with the governor, Professor Kasun, or somewhere between, one hopes public policy issues and political choices are decided by values beyond dollar costs.

--Frances L. Faverman
Editor