



HEALTH POLICY BULLETIN

FOCUS: AIDS

The number of AIDS cases in Michigan is far lower than in most states. As of early September, 379 individuals in Michigan have fallen prey to AIDS--compared to 11,950 in New York, 9,583 in California, 2,813 in Florida, and 2,743 in Texas. In terms of the number of reported cases per 100,000 population, Michigan's rate of 4 cases per 100,000 ranks in the bottom third of all states. Only fifteen states, mostly sparsely populated Plains states, have lower rates of reported AIDS cases. Washington, D.C., with 122 cases per 100,000 population, and New York, with 67 cases per 100,000, rank highest.

Among urban areas, Greater Detroit ranks twenty-third among the nation's Standard Metropolitan Statistical Areas (SMSAs) in cumulative number of AIDS cases. As of mid-September, southeast Michigan had reported 257 cases. The New York (10,851 cases), San Francisco (4,090), Los Angeles (3,599), Houston (1,346), and Washington, D.C. (1,221) SMSAs led the list. AIDS cases have been reported from 49 of Michigan's 83 counties, but only 36 counties have more than a single case.

Michigan owes its comparatively favorable position to several factors. The state is fortunate to be the home of several internationally known AIDS experts who alerted public health officials early on to modes of transmission and preventive strategies. Michigan had the foresight to convene one of the country's earliest expert committees--as directed by Governor Blanchard in October 1985. That committee's report stressed the fundamental importance of educational efforts, and Michigan officials have wisely persevered in that approach. Of course, Michigan's comparatively low AIDS rate is also in part the result of a lower concentration in this state than in the high-rate seaboard states of residents in the primary risk groups.

Projections of the future prevalence of AIDS are being revised on the basis of better understanding of the relation of infection to the development of the syndrome. A year ago, most experts predicted that only 5 to 20 percent of those infected with the virus would eventually develop AIDS. Early this year, however, the Wall Street Journal reported that a study conducted at San Francisco General Hospital showed more than 60 percent of infected subjects developed full-blown AIDS within seven years. The Journal also reported that research suggests that, contrary to earlier opinion, the risk of developing AIDS may actually increase rather than decrease five years after infection. Under any circumstances, according to the article, those who are infected remain capable of infecting others for the rest of their lives.

FOCUS: CON AND
HEALTH PLANNING
REPORT

The Office of Health and Medical Affairs (OHMA) and Michigan Department of Public Health (MDPH) joint work group on Certificate of Need (CON) and Health Planning issued its report on September 1 after a year of discussion. The final report reflects the polarization of views on health care regulation among state agencies and provider and consumer groups. There was considerable dissension over which new services and medical equipment should be subject to CON review, how much capital and operating expenditure thresholds should be raised, and how to simplify program administration. There was some agreement on reducing the number of criteria used in CON decisions, simplifying the review and appeal processes, eliminating the third phase of the hospital bed reduction program, and devising effective enforcement

mechanisms. Recommendations that Medicaid and the Blues reduce by 2 percent reimbursement to providers who violate CON requirements and that other third-party payers be required to purchase services only from holders of valid CONs met little opposition.

Work group members disagreed over whether or not CON criteria should be approved by the legislature. State agencies favor letting the MDPH write CON criteria subject only to the approval of the Statewide Health Coordinating Council (SHCC). Health care providers, however, argue that CON criteria should be a part of administrative rules, subject to legislative review and approval. There was general agreement on streamlining the 54-member SHCC by refashioning it as a 24-member State Health Planning Commission.

Fred Patterson, M.D., Michigan State Medical Society representative, expressed distress at how little attention was paid to technological and quality of service concerns: "The CON process has a chilling and retarding effect on introducing new technology in Michigan, and the absence of any monitoring of standards of performance to assure delivery of services at a professionally acceptable level concerns me." Walter Wheeler III, Deputy Chief of the Bureau of Health Facilities of MDPH, says "the report is a blueprint for substantive change. It makes the process simple and enforceable." Dennis Paradis, Michigan Hospital Association Vice President for Government and Professional Affairs, remarked that the report has "some good ideas. It is an effort to get away from comparative review and into facility-specific reviews; the report also recognizes the need to streamline the appeals process and raise thresholds."

Many readers of the report view its recommendations as tinkering with rather than overhauling the system. Most of the recommended changes are intended to reduce the time and paperwork involved in making relatively minor capital expenditures. However, stringent requirements for major expenditures such as the construction of new hospitals remain, and the creation of a new category, "covered medical equipment," suggests even more constraints on the introduction of new medical technology in Michigan. Legislation based on the report is likely to be drawn up in the next few weeks.

OF INTEREST

The Economic Alliance for Michigan may be suffering from a bad case of influence debility complicated by membership depletion.

According to Booth newspapers, an internal memo circulated among Alliance members discusses prospects for the group's future and mentions disbanding as one possibility. The Alliance was formed in 1982 by leaders from some of Michigan's largest corporations and labor unions. One of the first things on which business and labor could agree was a campaign to reduce health care costs, and health care cost containment became the Alliance's cause celebre.

The Alliance played a major role in engineering the passage of prudent purchaser arrangements legislation and tried unsuccessfully to limit hospital capital expenditures. However, the organization has had little success in merging the interests of business and labor on other policy issues. Two of its major outstate members--Kellogg and Dow Chemical--recently left the Alliance, as has Michigan Consolidated Gas. According to the Booth papers, the Alliance has failed to gain the support of Senate Republican leaders and is criticized for allegedly having a staff dominated by organized labor. Despite all this, the Alliance is reported to be planning efforts this fall to increase its effectiveness, including improving relations with Senate Republican leaders and major state business groups.

--Michael French Smith
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