



Health, Education and Human Services Division

B-271517

March 26, 1996

The Honorable Nancy Kassebaum
Chairman, Committee on Labor and Human Resources
United States Senate

Dear Chairman Kassebaum:

The Ryan White CARE Act provides medical and support services to individuals with the human immunodeficiency virus (HIV). In fiscal year 1995 the program provided \$554 million to eligible metropolitan areas (EMA) through title I of the act and to states through title II.

Bills reauthorizing the program have been passed by both the Senate (S. 641) and the House (H.R. 1872). Both bills revise the process for allocating federal funding among the states and territories. This letter is in response to your request that we assess the extent to which each bill improves the equity of federal funding under the act. We examined whether the bills adopted recommendations we made¹ to improve equity and measured the change in funding per acquired immunodeficiency syndrome (AIDS) case among states that would occur under each bill.

In our report on the current funding formulas, we concluded that federal funding could be made more equitable. To improve equity we recommended that the Congress modify the funding formulas to

- eliminate the extent to which AIDS cases in EMAs and states are double counted in the funding formulas,
- adopt a new caseload indicator that better reflects the number of people living with AIDS, and
- include an indicator that reflects relative differences across states and EMAs in the cost of serving people with AIDS.

¹Ryan White Care Act of 1990: Opportunities to Enhance Funding Equity (GAO/HEHS-96-26, Nov. 13, 1995). CARE stands for Comprehensive AIDS Resources Emergency.

In brief, we found that both bills improve equity in that they both narrow differences in federal funding per AIDS case across states. However, the Senate bill will improve funding equity to a greater extent because cross-state differences in federal funding will be smaller compared with those under the House bill's provisions.

More specifically, the bill passed by the Senate

- largely eliminates the double counting of AIDS cases,
- has adopted better indicators of AIDS caseloads, but
- does not include a factor to reflect cost differences among states or EMAs.

The bill passed by the House

- slightly reduces double counting of AIDS cases,
- adopts better indicators of AIDS cases, and
- includes a cost factor for allocating title I funding to EMAs but not for allocating title II funding to state governments.

The Senate bill reduces the effect of double counting more than the House bill because it weights non-EMA cases more heavily in the title II formula. In our report, we noted that the number of EMA cases are counted once under title I and again for purposes of distributing title II funding. Our analyses suggest that allocating 60 percent of Title II funds based on non-EMA cases and 40 percent based on total AIDS cases in the state would eliminate double counting. The Senate bill largely eliminates double counting by allocating 50 percent of funds based on non-EMA cases. The House bill only slightly reduces the double counting because only 7 percent of funds are allocated based on non-EMA cases.

To provide an indication of the equity effects of the two bills, we compared two groups of states: those states receiving the highest funding per case and those receiving the least under each bill (see table 1).² Each group has approximately one-quarter of all AIDS cases nationwide. In making our comparison, we have allocated the same

²The enclosure shows the states in order of their allocations per case under each formula allocation.

amount of federal dollars under the Senate and House bills and compared them with the allocations under current law.

Table 1: Differences in Funding per AIDS Case for Groups of States With Equal Numbers of AIDS Cases

Formula	Federal funding per case		Difference	
	States receiving high funding	States receiving low funding	Amount	Percent
Current law	\$3,772	\$1,757	\$2,015	115
H.R. 1872	3,410	2,186	1,224	56
S. 641	3,254	2,403	783	32

Under current law, differences in federal funding per AIDS case, adjusted for cost differences, are quite large. The states with the highest funding would receive about \$3,772 per AIDS case, while the states with the lowest funding would receive \$1,757 per case, a 115-percent difference. The House bill would reduce funding disparities by half, from the 115- to a 56-percent difference. Funding disparities would be reduced further under the Senate proposal, falling from a 56- to a 32-percent difference.

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Please call either Jerry Fastrup, Assistant Director, at (202) 512-7211 or me at (202) 512-4561 if you or your staff have any questions concerning this letter. Greg Dybalski and Mark Vinkenes were major contributors to this letter.

Sincerely yours,



William J. Scanlon
 Director, Health Systems Issues

(118131)

Ryan White CARE Act: Cost Adjusted Funding per AIDS Case, sorted by ascending amounts and grouped to include one-quarter of the AIDS caseload					
States & Territories	Current Law	States & Territories	S 641 7.5% HH	States & Territories	HR 1872 5% HH
Guam	\$483	Alaska	\$1,733	Guam	\$795
Hawaii	820	Hawaii	1,913	Hawaii	1,365
Alaska	841	Nevada	1,914	Nevada	1,436
Nevada	866	Rhode Island	1,965	Utah	1,483
Utah	932	Delaware	1,989	Alaska	1,536
Wisconsin	951	Guam	2,065	Wisconsin	1,546
Oklahoma	975	Virgin Islands	2,065	Oklahoma	1,566
Delaware	988	Utah	2,140	Nebraska	1,599
Nebraska	990	New Mexico	2,177	Delaware	1,646
Rhode Island	1,006	Maine	2,200	Rhode Island	1,664
New Mexico	1,045	Indiana	2,203	New Mexico	1,666
Indiana	1,045	Wisconsin	2,223	Indiana	1,699
Iowa	1,081	Nebraska	2,240	Vermont	1,742
Vermont	1,105	North Carolina	2,244	Iowa	1,746
Maine	1,128	Tennessee	2,278	Montana	1,753
Virgin Islands	1,153	South Carolina	2,291	Ohio	1,784
Alabama	1,178	Idaho	2,306	Maine	1,831
Idaho	1,179	Montana	2,319	Alabama	1,883
North Carolina	1,197	Kentucky	2,328	Virgin Islands	1,898
Tennessee	1,204	Iowa	2,338	Tennessee	1,941
South Carolina	1,226	Connecticut	2,359	North Carolina	1,942
Arkansas	1,235	West Virginia	2,380	Arkansas	1,953
Kentucky	1,240	Ohio	2,382	South Carolina	1,968
Mississippi	1,435	Alabama	2,387	Kentucky	1,976
West Virginia	1,603	Oklahoma	2,402	Mississippi	2,246
Ohio	1,623	Pennsylvania	2,461	Idaho	2,266
Montana	1,753	Arkansas	2,478	Arizona	2,345
Virginia	1,818	Virginia	2,496	Michigan	2,353
Kansas	2,020	Michigan	2,513	West Virginia	2,384
Michigan	2,112	Kansas	2,528	Connecticut	2,444
Connecticut	2,197	New Hampshire	2,528	Pennsylvania	2,501
Arizona	2,224	Wyoming	2,587	Virginia	2,548
New Hampshire	2,252	New Jersey	2,609	Washington	2,555
Pennsylvania	2,300	Mississippi	2,611	Louisiana	2,560
Massachusetts	2,358	Arizona	2,644	Massachusetts	2,580
Washington	2,437	Massachusetts	2,648	Wyoming	2,587
Minnesota	2,495	Georgia	2,656	Missouri	2,632
Oregon	2,563	Washington	2,670	Kansas	2,656
Wyoming	2,587	Louisiana	2,708	Georgia	2,665
Missouri	2,623	South Dakota	2,723	South Dakota	2,723
Colorado	2,685	Vermont	2,762	Colorado	2,737
Louisiana	2,708	Florida	2,866	New Jersey	2,747
South Dakota	2,723	DC	2,870	Oregon	2,812
Georgia	2,748	Oregon	2,876	Minnesota	2,831
Illinois	2,798	Colorado	2,926	Florida	2,860
Maryland	2,813	Maryland	2,949	DC	2,949
DC	2,887	Minnesota	2,955	Texas	3,012
New Jersey	2,948	Texas	3,012	New Hampshire	3,087
Texas	3,032	California	3,042	Maryland	3,101
California	3,096	Illinois	3,044	California	3,101
Florida	3,108	Missouri	3,126	Illinois	3,108
New York	3,572	New York	3,127	New York	3,263
North Dakota	4,133	North Dakota	4,133	North Dakota	4,133
Puerto Rico	5,764	Puerto Rico	4,917	Puerto Rico	5,360
U.S. Average	\$2,964	U.S. Average	\$2,980	U.S. Average	\$2,980

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