amfAR MAKING AIDS HISTORY The Foundation for AIDS Research

July 2012

ISSUE BRIEF

The Effect of Budget Sequestration on Global Health: Projecting the Human Impact in Fiscal Year 2013

The Budget Control Act of 2011 requires Congress to identify at least $1.2 trillion in deficit reductions over the next decade. The Act established a bipartisan Joint Select Committee on Deficit Reduction that was charged with proposing a plan for consideration by Congress by November 23, 2011. Because a plan could not be agreed upon by the deadline, an enforcement mechanism resulting in across-the-board reductions to both defense and non-defense spending via sequestration is scheduled to begin in January 2013, and to continue each year thereafter until 2021.

A proportionate cut in U.S. Global Health Initiative (GHI) funding through sequestration would have **minimal impact on deficit reduction**, representing only 0.63 percent of the total $109 billion required in deficit reduction for fiscal year 2013. **The human impact of such cuts in U.S. investments, however, would be devastating**. If this enforcement mechanism is triggered at the projected 8.4 percent level across the board, nearly **$689 million** will be cut from global health programs and services, a reduction of nearly 10 percent from fiscal year 2012 appropriations.

This issue brief estimates the human impact of sequestration in FY 2013 on global health programs including HIV/AIDS, malaria, tuberculosis, and children's vaccines. It also updates an amfAR analysis released last year, providing more up-to-date estimates of impact.

Bilateral Investments

Impact on Fighting Global HIV/AIDS

The President's Emergency Plan for AIDS Relief (PEPFAR) has been one of the most successful international aid programs in history, saving millions of lives, preventing thousands of new HIV infections, and providing desperately needed care for orphans and other vulnerable children affected by the AIDS epidemic.

HIV/AIDS Treatment: In FY 2011, 33.1 percent of PEPFAR program funding was allocated to treatment,[1] and PEPFAR directly supported life-saving treatment for more than 3.9 million men, women, and children.[2] The annual cost of

Figure 1. Cutting Global Health Funding Provides Negligible Deficit Reduction in FY 2013 but Has Significant Human Impact

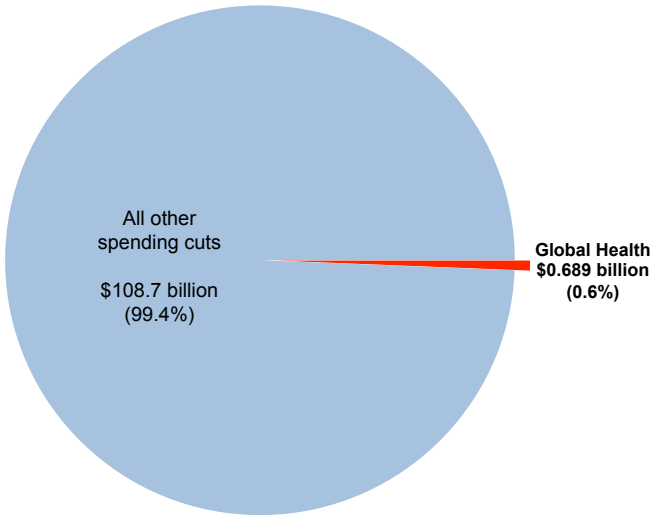
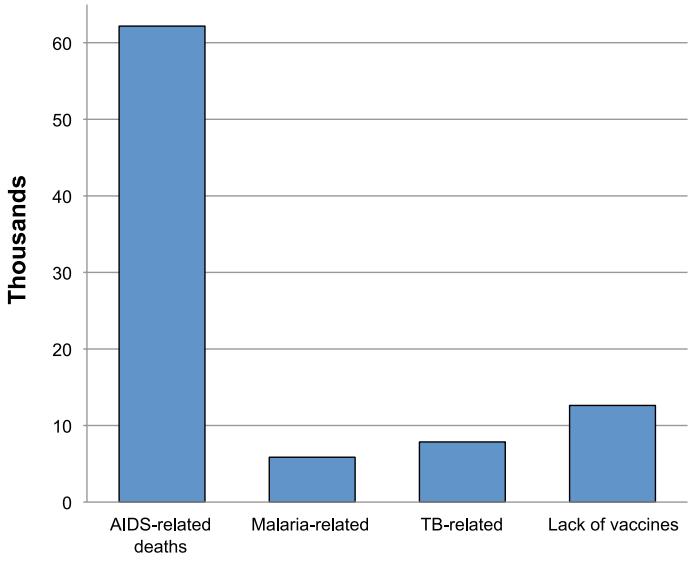


Figure 2. Deaths in One Year Resulting from Reduced Bilateral Spending due to FY 2013 Sequestration.



treatment to PEPFAR is approximately $335 per individual (including antiretroviral drugs, non-antiretroviral recurrent costs, and health systems strengthening costs).[3] However, as of December 2010, more than 7.5 million people in low- and middle-income countries, including 1.5 million children, did not have access to the HIV/AIDS treatment they urgently need.[4]

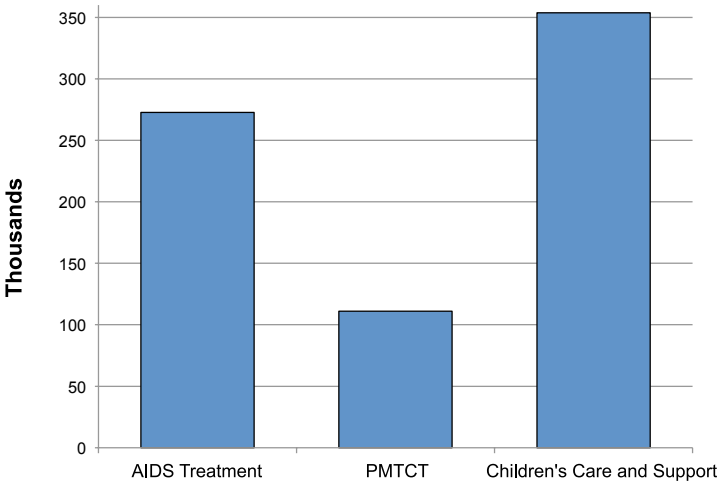
Results of an NIH trial published in August 2011 provided conclusive evidence that antiretroviral treatment (ART) not only saves the lives of those being treated but also prevents new infections,[5] meaning that expanded access to treatment has become an essential strategy for reducing HIV incidence. Based on these findings, as well as the steadily declining cost to PEPFAR of providing treatment, in December 2011 President Obama announced a goal of supporting 6 million people on treatment through PEPFAR by the end of 2013.[3] But if the enforcement mechanism is triggered and treatment funding changes proportionally with other programs, the following will occur:

- FY 2013 Sequestration – HIV/AIDS treatment for **273,000** people will not be available, potentially leading to **62,000** more AIDS-related deaths and **122,500** more children becoming orphans.

Preventing Infant HIV Infection: Today, nearly half of all women who need antiretroviral drugs to prevent vertical transmission of HIV (from a pregnant mother to her newborn, also known as PMTCT services) do not have access to them.[6] In FY 2011, 12.1 percent of PEPFAR program funding was allocated to PMTCT programs.[1] In 2011, PEPFAR provided antiretroviral prophylaxis for PMTCT to more than 660,000 HIV-positive pregnant women, allowing more than 200,000 infants to be born HIV-negative.[2] If the enforcement mechanism is triggered and PMTCT services funding changes proportionally with other programs, the following will occur:

- FY 2013 Sequestration – **111,000** fewer HIV-positive pregnant women will receive PMTCT services, leading to more than **21,000** infants being infected with HIV.

Figure 3. People Not Receiving Treatments and Services in One Year through Bilateral FY 2013 Sequestration.



Children's Care and Support Services: UNAIDS estimates that as of 2009, 16.6 million children had been orphaned because of HIV/AIDS.[3] In FY 2011, 10.3 percent of PEPFAR program funding was allocated to the care and support of orphans and vulnerable children,[1] and in FY 2011 PEPFAR provided services for 4.1 million children.[2] If the enforcement mechanism is triggered and Orphan and Vulnerable Children services funding changes proportionally with other programs, the following will occur:

- FY 2013 Sequestration – Funding for food, education, and livelihood assistance will not be available for **354,000** children.

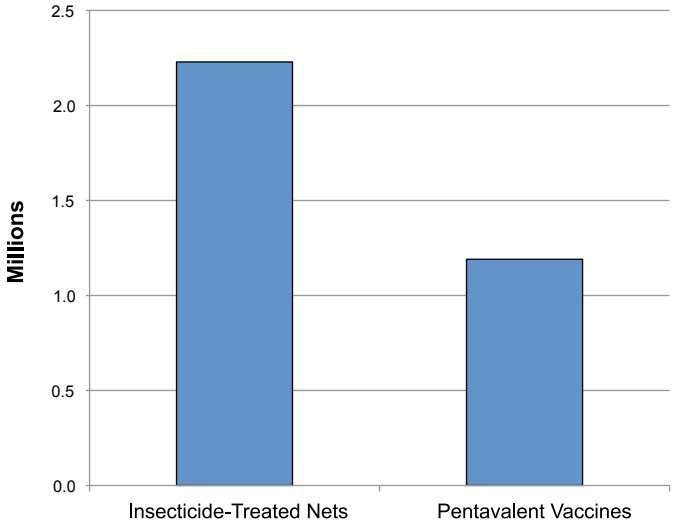
Impact on Addressing Malaria and Tuberculosis

Malaria: Although malaria deaths have decreased substantially since 2000, malaria still claims 655,000 lives each year.[7] Launched in 2005, the President's Malaria Initiative (PMI) has played a significant role in scaling up malaria prevention and treatment around the world. Approximately 70 percent of bilateral commitments for malaria are through PMI. These programs have contributed to a substantial decrease in mortality among children under the age of five. In FY 2011, PMI procured more than 38 million artemisinin-based combination therapy (ACT) treatments and more than 23 million insecticide-treated nets (ITNs).[8] If the enforcement mechanism is triggered and PMI support for ACT and ITNs changes proportionally with other programs, the following will occur:

- FY 2013 Sequestration – **2.2 million** fewer insecticide-treated nets will be procured, leading to nearly **6,000** deaths due to malaria; **3.7 million** fewer people will receive treatment.

Tuberculosis (TB): In 2010, TB, a highly contagious disease, claimed 1.4 million lives, and 8.8 million people were newly diagnosed worldwide.[8] Further complicating the TB epidemic is its deadly interaction with HIV/AIDS. Among people with HIV/AIDS, TB is the leading cause of death. A major goal of the U.S. government's bilateral TB program through USAID is to halve the number of TB deaths by 2014. In FY 2010, 55 percent of the

Figure 4. Fewer Commodities Procured in One Year through Bilateral FY 2013 Sequestration.



TB budget was allocated to the treatment of TB patients and an additional 18 percent was allocated to treating multidrug-resistant TB (MDR-TB).[9] If the enforcement mechanism is triggered and TB funding changes proportionally with other programs, the following will occur:

- FY 2013 Sequestration – **65,000** fewer people with TB will receive treatment, leading to **8,000** more deaths due to TB; **350** fewer people with MDR-TB will receive treatment.

Impact on Fighting Childhood Diseases

Historically, the U.S. has been the world leader in responding to global health issues. Through USAID, the U.S. government's Vitamin A distribution program has saved more than 500,000 children's lives each year since 1997.[10] Additionally, in collaboration with other partners, U.S. funding for maternal and child health has yielded dramatic public health successes: almost a billion episodes of child diarrhea are treated each year, reducing child deaths from diarrheal disease by more than 50 percent; more than 100 million children receive a set of basic immunizations each year; and more than 75 million children receive treatment for pneumonia annually.[10]

Multilateral Investments

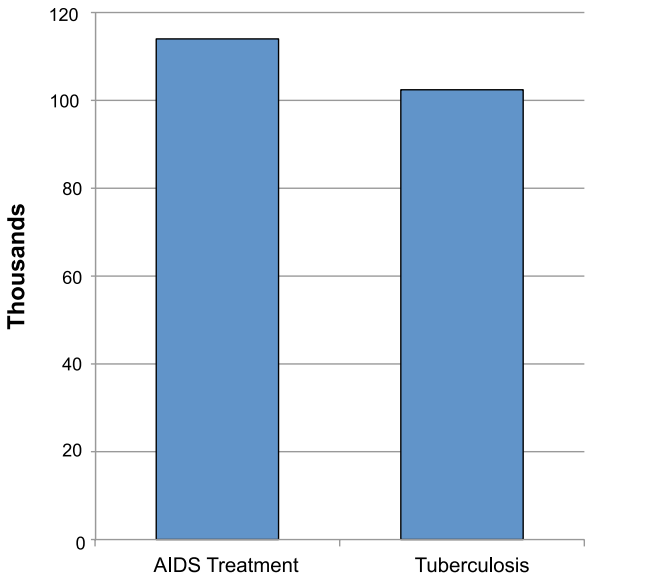
Vaccines: The GAVI Alliance is a public-private partnership dedicated to saving the lives of children and improving people's health by increasing access to immunization in low-income countries. Since its launch in 2000, GAVI has helped to prevent more than five million premature deaths and has contributed to the immunization of 288 million children. U.S. contributions to GAVI help supply pentavalent vaccine (among others) to the world's poorest children. The vaccine, which protects against diphtheria, tetanus, pertussis, Haemophilus influenza type B (Hib), and hepatitis B, is cost-efficient and highly effective. It takes three doses of pentavalent vaccine to constitute full coverage for each child. For 2011 through 2015, pentavalent vaccine is predicted to be GAVI's largest cost driver. GAVI estimates that its average weighted price for this vaccine is $2.47.[11] If the enforcement mechanism is triggered and vaccine funding changes proportionally with other programs, the following will occur:

- FY 2013 Sequestration – **1.2 million** fewer pentavalent vaccines for children will be available through GAVI, leading to **13,000** more deaths from diphtheria, tetanus, pertussis, Hib, and hepatitis B.

Impact on Services through the Global Fund to Fight AIDS, Tuberculosis, and Malaria

The Global Fund to Fight AIDS, Tuberculosis, and Malaria is a collaborative and highly successful effort to combat these three major causes of human mortality. Since it was founded in 2002, the Global Fund has financed programs that have provided ART to 3.3 million people, treated 8.6 million cases of TB, distributed 230 million ITNs, and administered treatments for 210 million cases of malaria.[12] The U.S. is the leading

Figure 5. People Not Receiving Treatments in One Year through Global Fund due to FY 2013 Sequestration.



contributor to the Global Fund. If the enforcement mechanism is triggered, the following will occur:

- FY 2013 Sequestration – **2.8 million** fewer insecticide-treated nets will be available, leading to **7,500** more malaria deaths; **102,000** fewer TB patients will receive treatment, leading to over **12,000** more TB deaths; an additional **114,000** people will not be treated for HIV/AIDS.

Conclusion

The savings achieved from across-the-board cuts in global health funding will have a negligible impact on deficit reduction but will adversely affect the lives of millions of men, women, and children worldwide, resulting in substantial human suffering and squandering of opportunities to build on successes in U.S. global health programming.

Methodology and Assumptions

The estimates in this brief are based on publicly available information or direct communications with agencies and organizations on unit costs of services, federal spending, and the impact of various health interventions. The analysis compares two inferred budget levels:

- Assumed FY 2013 budget, determined by averaging the approved allocations in Senate and House Appropriations Committees State and Foreign Operations bills (as of May 24, 2012);
- Post-sequestration FY 2013 budget, determined by applying an across-the-board 8.4% cut to all State-GHP and USAID-GHP program areas.

The Center on Budget and Policy Priorities estimates sequestration would lead to an 8.4 percent reduction in funding most non-exempt non-defense discretionary programs (including global health). This automatic cut would represent a 9.6 percent reduction from the FY 2012 allocations.

This analysis uses publicly available unit cost data to calculate the number of people that could be affected by proposed funding cuts. Where unit cost data is not available, total program funding was divided by the most recent reported units of service to estimate the impact on HIV/AIDS and other global health programs. Public health implications were derived from publicly available estimates of the impact of programs or personal communications from the agencies responsible for those programs. The figures here are intended only to illustrate the possible human impact and costs of implementing various FY 2013 funding levels. It is understood that Congress and/or U.S. governmental agencies will have a range of budgetary options at their disposal and may choose to fund particular global health programs at higher or lower levels than those assumed in this brief.

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