The impact of the AIDS epidemic on the paramedical industry was the most cataclysmic event to occur since the inception of paramedical services in 1969. With the exception of a rather significant growth spurt which occurred in 1972 due to the introduction of the Mobile Paramedical Exam, paramedical services volume ebbed as term wars began and many companies found it necessary to go as high as $250,000 non-medically on a male age 40. Many progressive insurance companies saw the dilemma this caused the paramedical industry in providing continued high quality service in all needed locations, and took action to reduce the number of approved vendors. At about the time of the impact of the AIDS epidemic on the paramedical industry, the paramedical business was growing at about the same rate as new applications were growing.

Eight similar paramedical vendors had begun a dialogue with Federal Kemper Life Insurance Company in 1983 to determine if it would be feasible for paramedical examiners to draw venous blood on a mobile basis. Kemper's objective was to increase the limits at which paramedicals could complete insurance examinations by the addition of a blood profile, the hypothesis being that the additional mortality picked up by the blood chemistry would more than offset the mortality lost by the "hands on" physician examination. So, by the time the AIDS epidemic hit, the industry had been moderately prepared for drawing blood.

The effect of the AIDS epidemic on the paramedical industry can best be evaluated into three distinct periods of time: 1986 through 1988 "explosive growth," 1989 through 1990 "regulatory pressures, re-engineering, and fine-tuning," and 1992 to the present "a lab-driven industry." Let's look at each of these periods of time individually.

1986-1988

The need was presented immediately for us to reorganize our field force. We had falsely assumed that our network of registered nurses, LPN's, and others with "medical training" would all be able to draw blood. It became evident rather quickly that several on our payroll, regardless of their medical qualifica-

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ASB Meditest, Framingham, Massachusetts.

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1989-1990

Although healthy growth was experienced, this was a time in which the paramedical industry had to manage the process rather than the explosive growth. Many things occurred during that period of time which tested the management capability of the paramedical service industry. First and foremost was serving as an intermediary between State Departments of Insurance and insurance companies and their agents regarding legislative requirements. Many states
jumped into the fray and insisted on an HIV Advise and consent Form being signed by the proposed insured, even though the proposed insured had already signed such a form for the laboratory doing the testing. Several insurance companies insisted that the paramedical examiner get this form signed at the time of the examination, even though such a requirement was clearly an agent responsibility. The paramedical companies acceded. In addition, the consent forms for the laboratories became complex, and issues of Chain of Custody had to be dealt with that were not really pertinent previously. The administrative responsibilities of a paramedical examiner to "do the job right" increased dramatically. Yet the paramedical industry again responded with character. The needs of the industry were served. During that same period of time, alternate collection and testing methodologies were introduced, i.e., fingerstick as opposed to venous collections and urine HIV testing. Some companies even began experimenting with agents collecting urine specimens for HIV testing.

What can best describe our experience from 1989 through 1990 was the constant state of change as the insurance underwriting community attempted to get their arms around HIV testing. We also began to hear that current paramedical mortality was not up to expectations. Papers authored by Jess Mast of Lincoln National Life Insurance Company and an in-depth study by our largest customer painted a less than favorable picture of paramedical mortality results. (It was our hypothesis that the reason for this was a deterioration of the history-taking due to the fact that we had replaced so many experienced history-takers with phlebotomists who had to be trained from scratch.) We re-doubled our efforts in training and follow-up beginning 1990.

1991-Present

Today looks a lot different from 1986. Growth is again somewhat flat in our industry. Companies are more adamant than ever regarding rates for services being discounted from published rates, further eroding gross margins. The laboratories, through the development of acceptable markers for impairments other than AIDS are again driving our market. We see a threat to our ability to continue to provide service to the expectations of the interest of the insurance industry in two areas. First, and most important, is agent collection. The worst case scenario regarding agent collection could eliminate 30% of the requests we receive. Continuing service in outlying areas would be difficult, if not impossible. Time service across the board would deteriorate. We also feel that agent collection causes an increase in risk to the public, as no one with a financial interest in a transaction should have the ability to negatively effect the mortality associated with that transaction. Activity among the labs to develop an "agent friendly" collection device, whether for saliva, urine, or whole blood, will keep us vigilant. Regarding our concern with adverse mortality caused by incomplete medical histories, we at ASB Meditest are heavily engaged in an analysis of several thousand cases to do a realistic present value study on history. We have engaged the services of Harry A. Woodman, FSA, to help us in this area.

The last seven years for the paramedical industry has been a roller coaster ride. Although the breathtaking, death-defying drops appear to be over, we anticipate the future will still have plenty of high and low planes. One of the most favorable things about the increased revenue generated by the AIDS epidemic to our industry is the opportunity to reinvest in our businesses enabling us to serve the life and health insurance industry in the future. This is especially true as it applies to information services and the development of systems to move underwriting information electronically. All major paramedical companies have significant initiatives going in this arena which otherwise may have been impossible without direct funding from the industry.