The Hilltop Institute

analysis to advance the health of vulnerable populations

Opportunities for Medicare/Medicaid Integration: Serving Dual Eligible Beneficiaries

AHIP Medicaid Conference

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UMBC

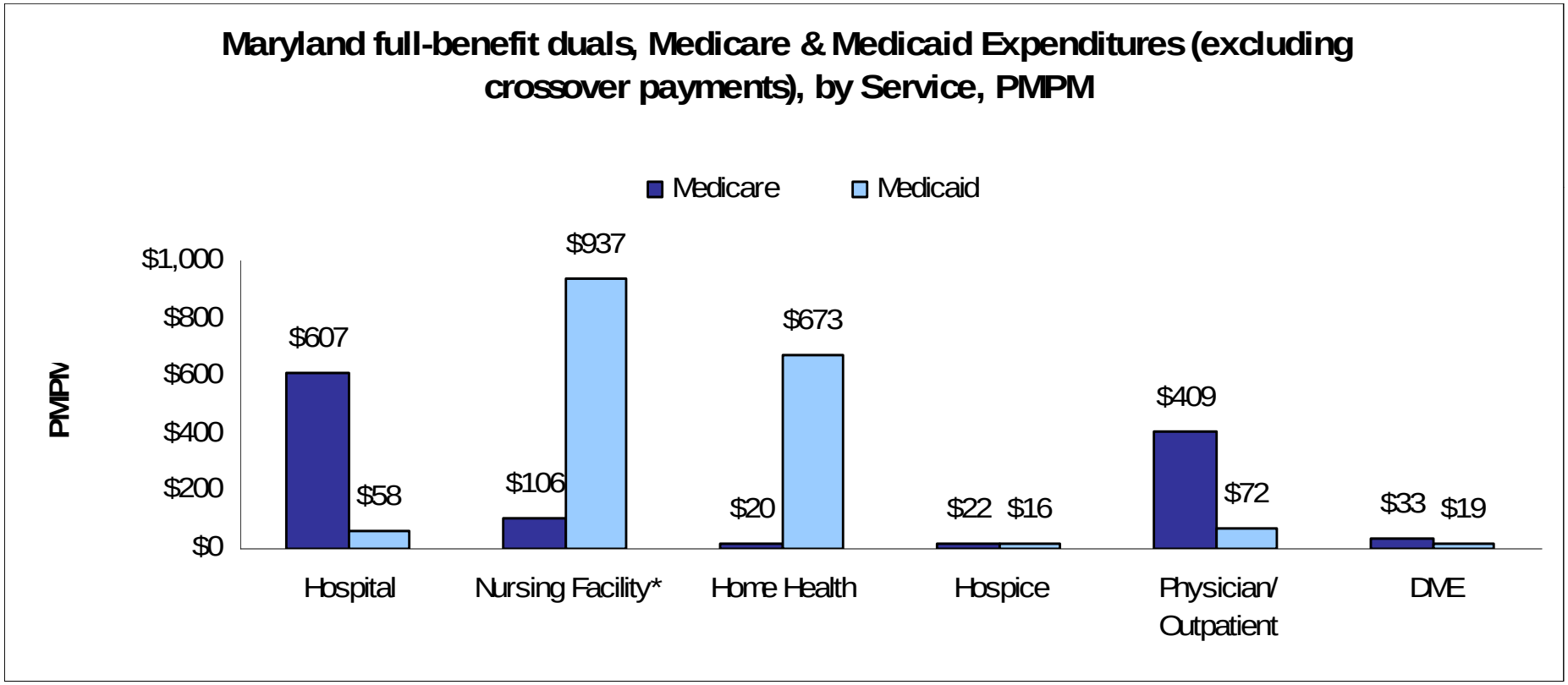
AN HONORS UNIVERSITY IN MARYLAND

Preview of Presentation

- Portrait of Dual Eligibles
- Cross-Payer Effects for Dual Eligibles

Portrait of Dual Eligibles

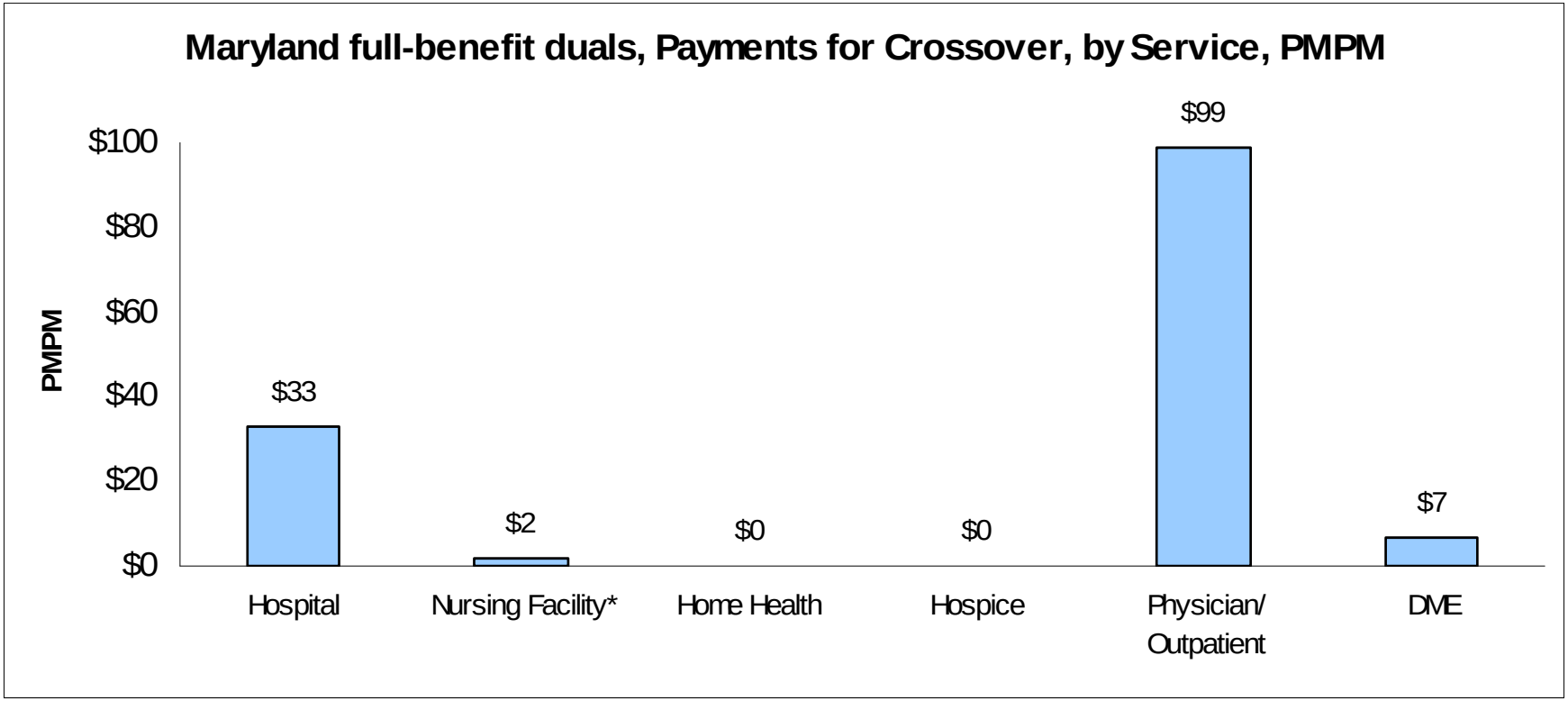
Dual eligibles consume a lot of Medicaid and Medicare services, and the distribution varies by service . . .



Source: The Hilltop Institute, 2008

Notes: Includes only continuously enrolled full-benefit duals with no group health coverage; Nursing Facility figures also include ICF-MR expenditures, and "Home Health" includes all Medicaid HCBS waivers

. . . Medicaid also pays for Medicare cost sharing . . .



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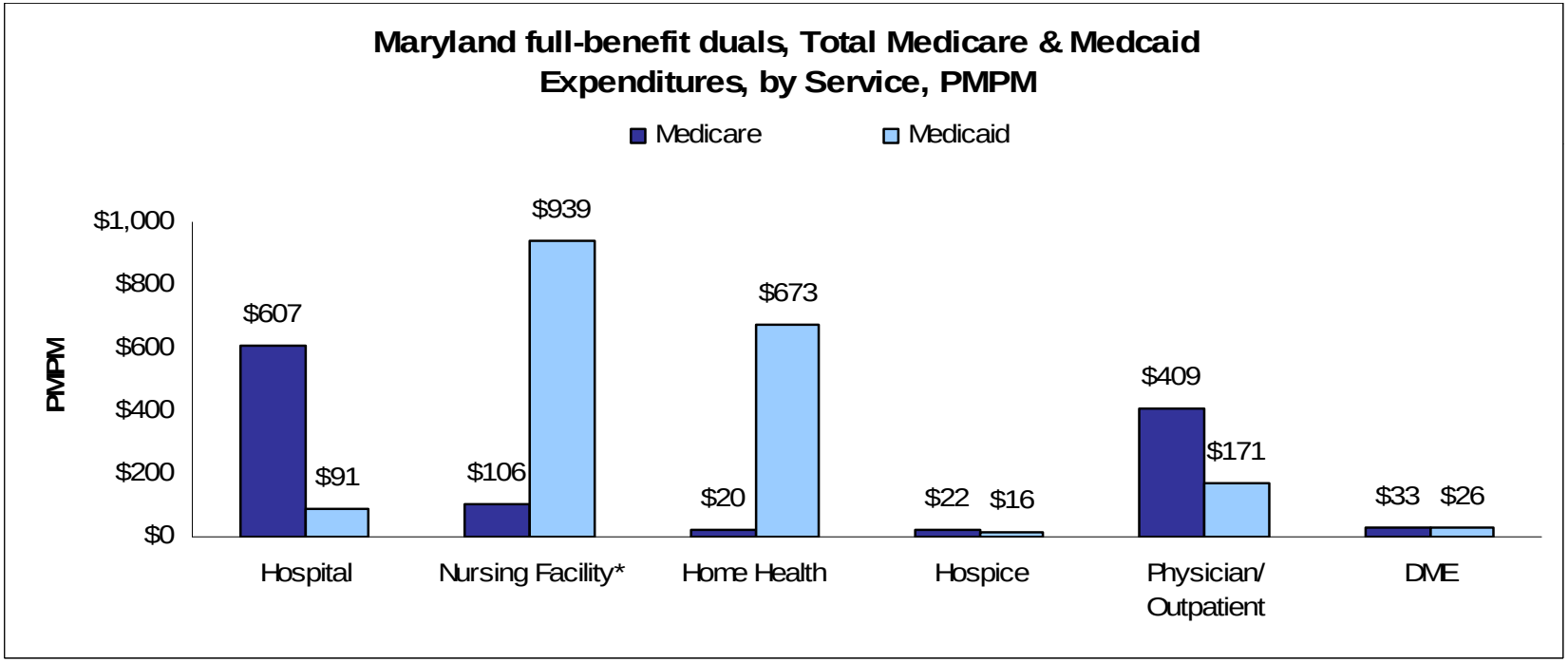
Notes: Includes only continuously enrolled full-benefit duals with no group health coverage; Nursing Facility figures also include ICF-MR expenditures, and "Home Health" includes all Medicaid HCBS waivers

. . . which completes the picture for Medicaid and Medicare expenditures for dual eligibles by service.



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Notes: Includes only continuously enrolled full-benefit duals with no group health coverage; Nursing Facility figures also include ICF-MR expenditures, and "Home Health" includes all Medicaid HCBS waivers

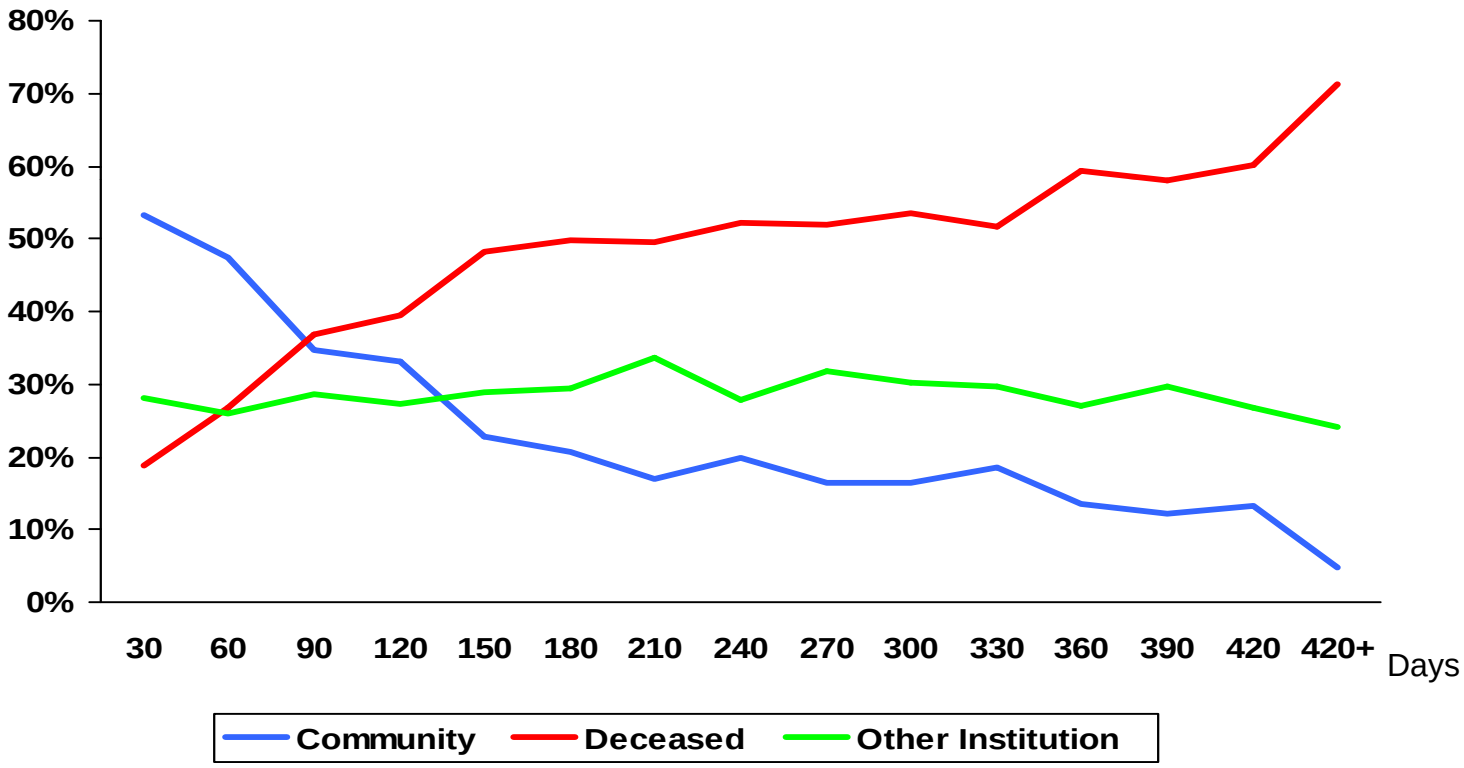
In Maryland, between 1999-2008, 74 percent of all nursing home admissions began as a Medicare stay.

		Stays		Avg. Length of Stay
All	:	648,774	100%	89 Days
Medicare (SNF) Only	:	408,876	63%	20 Days
Non-Medicare (NF) Only	:	166,829	26%	166 Days
Initial Medicare, to Other	:	73,069	11%	299 Days

The Length of Stay includes all days of care from admission to discharge in a single facility

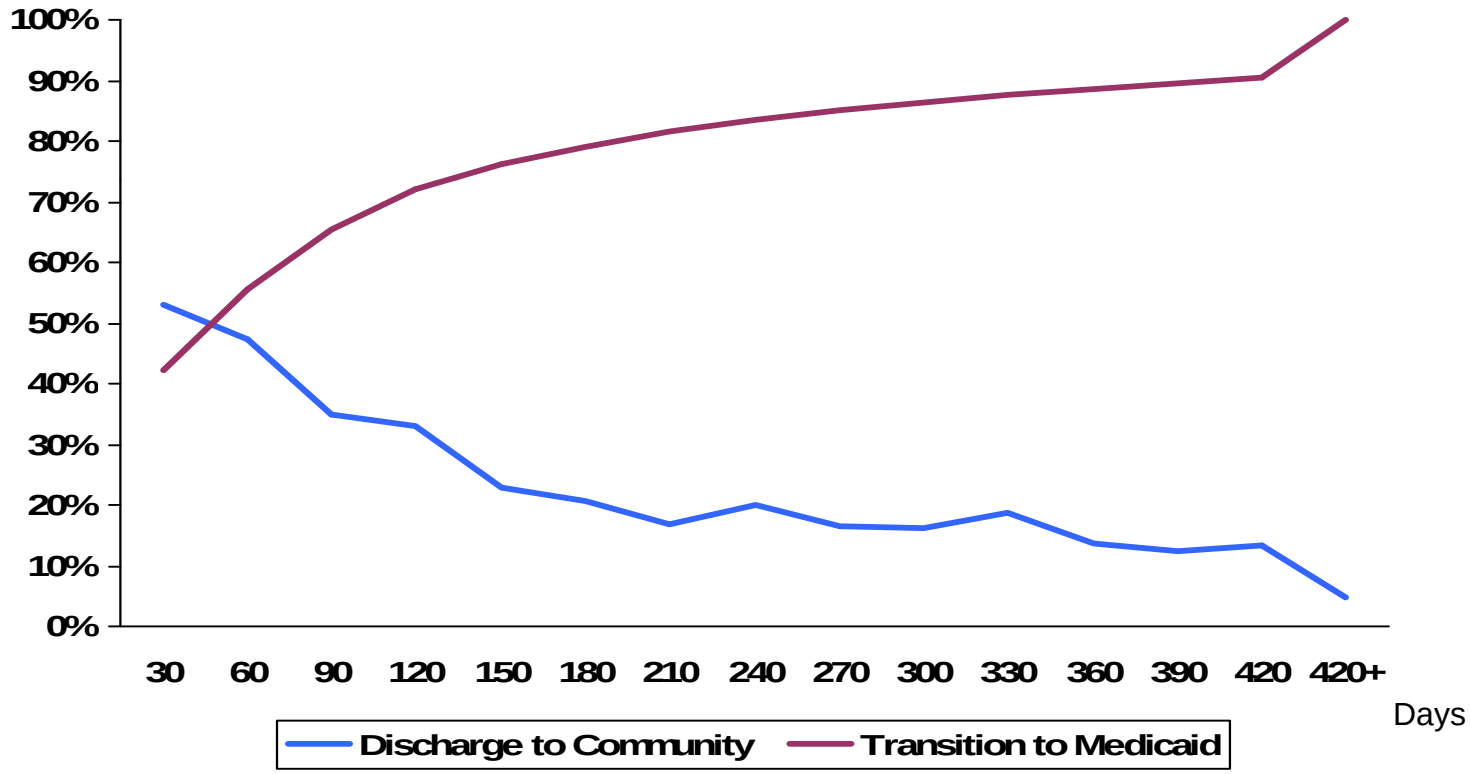
Hilltop Refined MDS data for Maryland, 1999-2008

The likelihood of returning to the community from a NF diminishes as the length of stay increases . . .



Hilltop Refined MDS data for Maryland, Extended Stays w/Discharge 1999-2008, limited to the stays that convert to Medicaid

. . . and by the time many residents convert to Medicaid, the odds of community integration are low.



Hilltop Refined MDS data for Maryland, Extended Stays w/Discharge 1999-2008, limited to the stays that convert to Medicaid

Cross-Payer Effects for Dual Eligibles

Medicaid programs seek to promote community-based LTC

- States use home and community-based service (HCBS) Medicaid waivers to provide cost-neutral alternatives to NFs
- One challenge is that Medicare, which often is the payer on entry to a SNF/NF, may not provide a financial incentive to promote community placement
- Another challenge is the fiscal fear in states about the so-called woodwork effect – that HCBS slots will not displace NF expenditures

Hilltop's Cross-Payer Effects study

- Funded by the Robert Wood Johnson Foundation; four reports released between 2008-2010
- One analysis: the cross-payer effects for dual eligibles who meet nursing facility level of care (NF LOC), both in the community and in institutions
- The largest NF HCBS waiver in Maryland is the Older Adults Waiver (OAW)
- In our study, OAW recipients were compared to matched dual eligibles in the community and in facilities

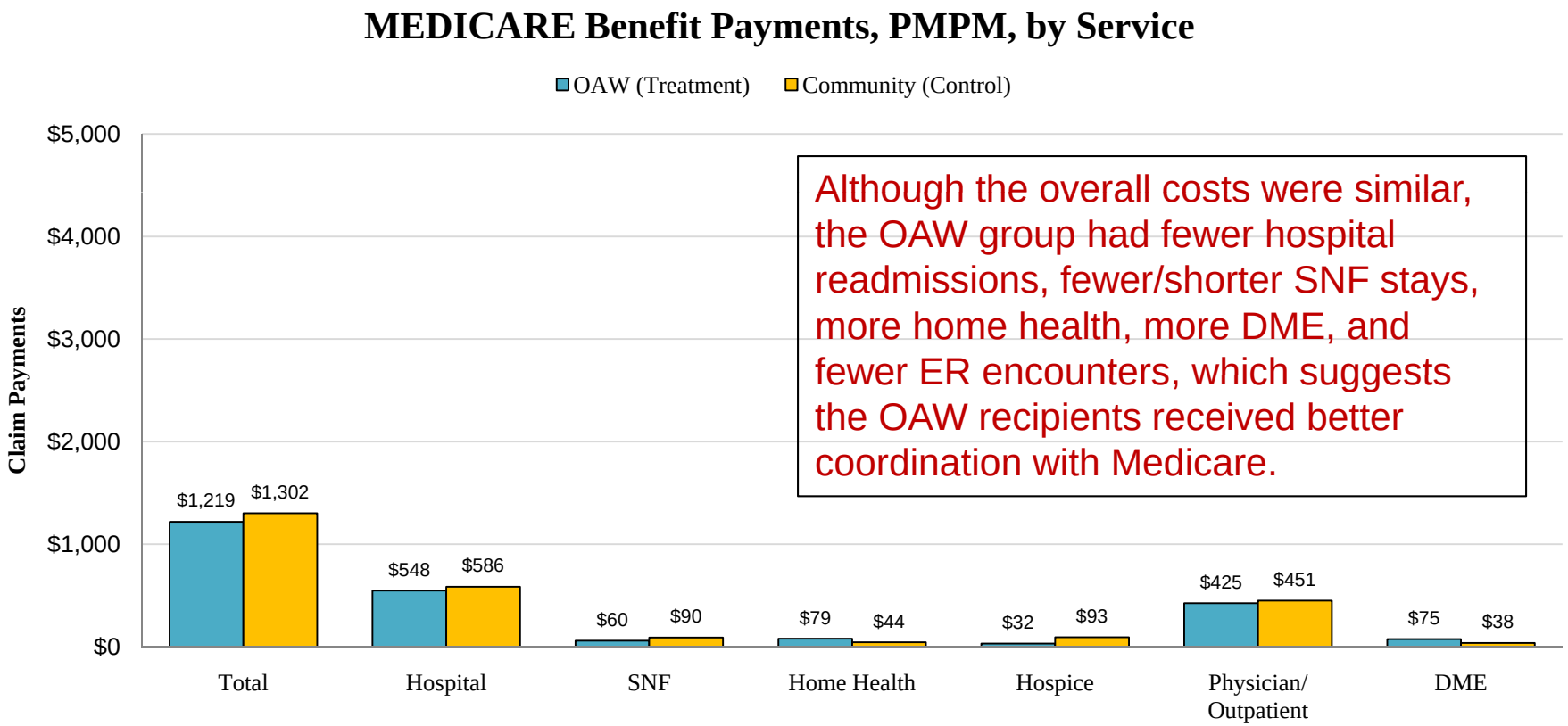
Propensity score matching was done to try and "pair" each OAW dual eligible with a similar dual eligible in the community, and in a NF

- Of the dual eligibles in the OAW in 2006 (n=1,759):
  - *1,440 matches were found among the dual eligibles in the community* population of 19,095 dual eligibles, so the cross-payer analysis proceeded with the 1,440 OAW recipients and the 1,440 dual eligibles in the community with whom they "matched"
  - *1,731 matches were found among the dual eligibles in the LT-NF* population of 6,336, so the cross-payer analysis proceeded with the 1,731 OAW recipients and the 1,731 dual eligibles in the LT-NF group with whom they "matched"

Propensity score matching covariates utilized

- Covariates included in the propensity score method used to generate the matches:
  - Age
  - Gender
  - Race
  - CMS-HCC relative value
  - 20 Chronic Condition Warehouse condition indicators
  - Disability as reason for original Medicare entitlement indicator
  - Frailty indicator (diagnostic-based, Hopkins ACG system)
  - ESRD indicator
  - Months of full Medicaid coverage

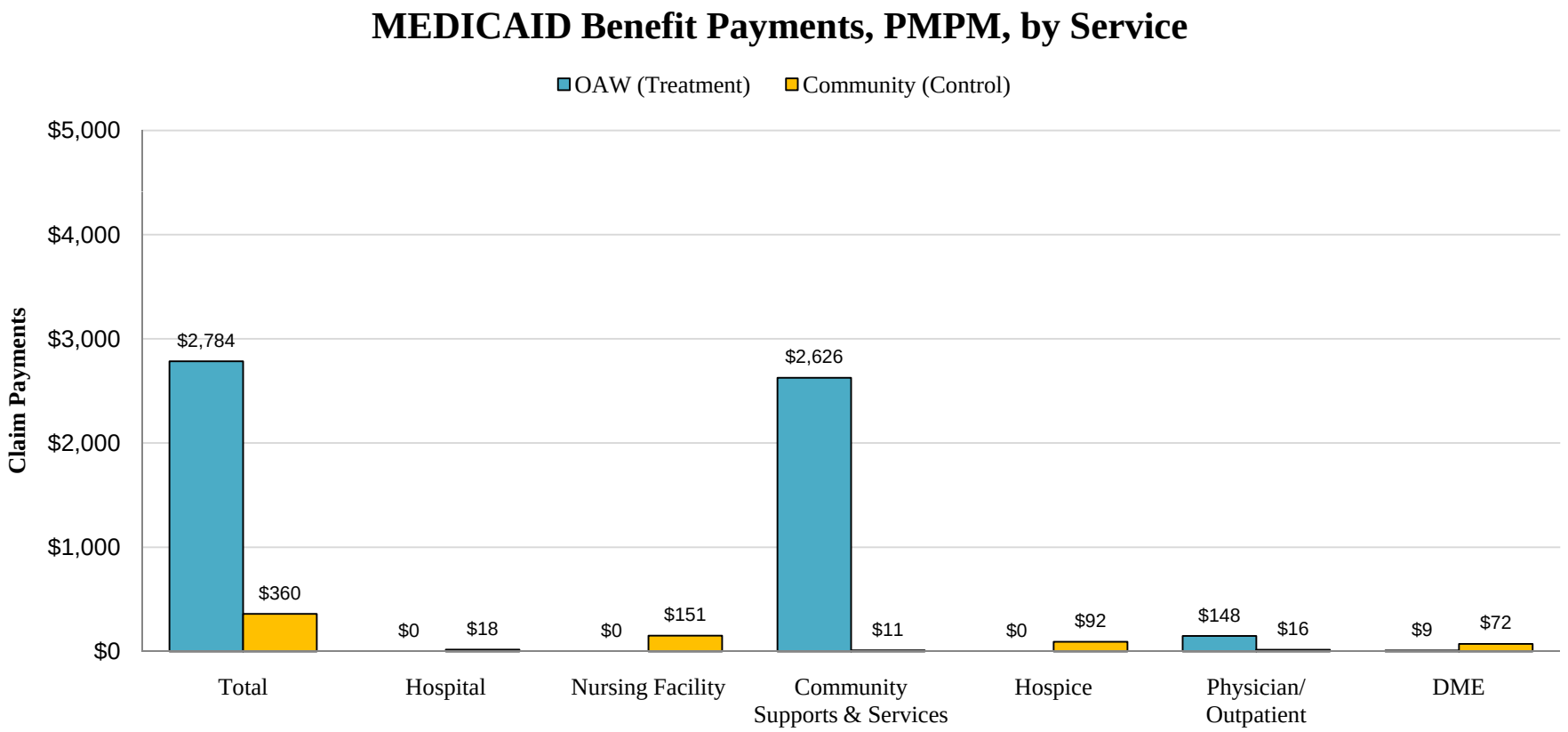
Medicare payments were nearly identical for OAW dual eligibles and the matched community dual eligibles . . .



Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

Notes: Maryland OAW (treatment) and community (control) samples of 1,440 full-benefit duals aged 50 and older, enrolled for 12 months (with no group health coverage) in 2006.

. . . while Medicaid payments were far higher for the OAW recipients than the community group . . .



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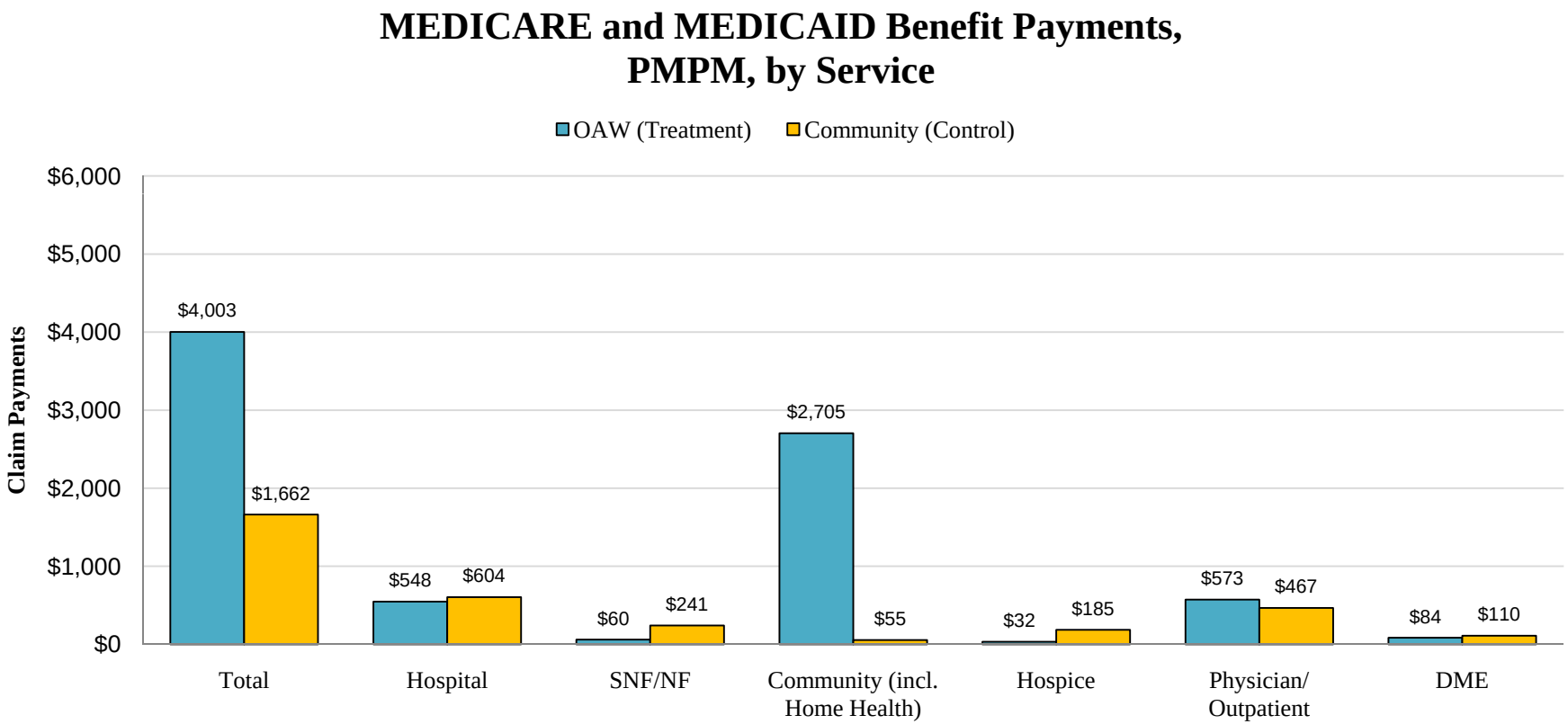
Notes: Maryland OAW (treatment) and community (control) samples of 1,440 full-benefit duals aged 50 and older, enrolled for 12 months (with no group health coverage) in 2006. Medicare crossover payments paid by Medicaid not included.

. . . and as a result, the OAW recipients were far more expensive than the community group, in total dollars.



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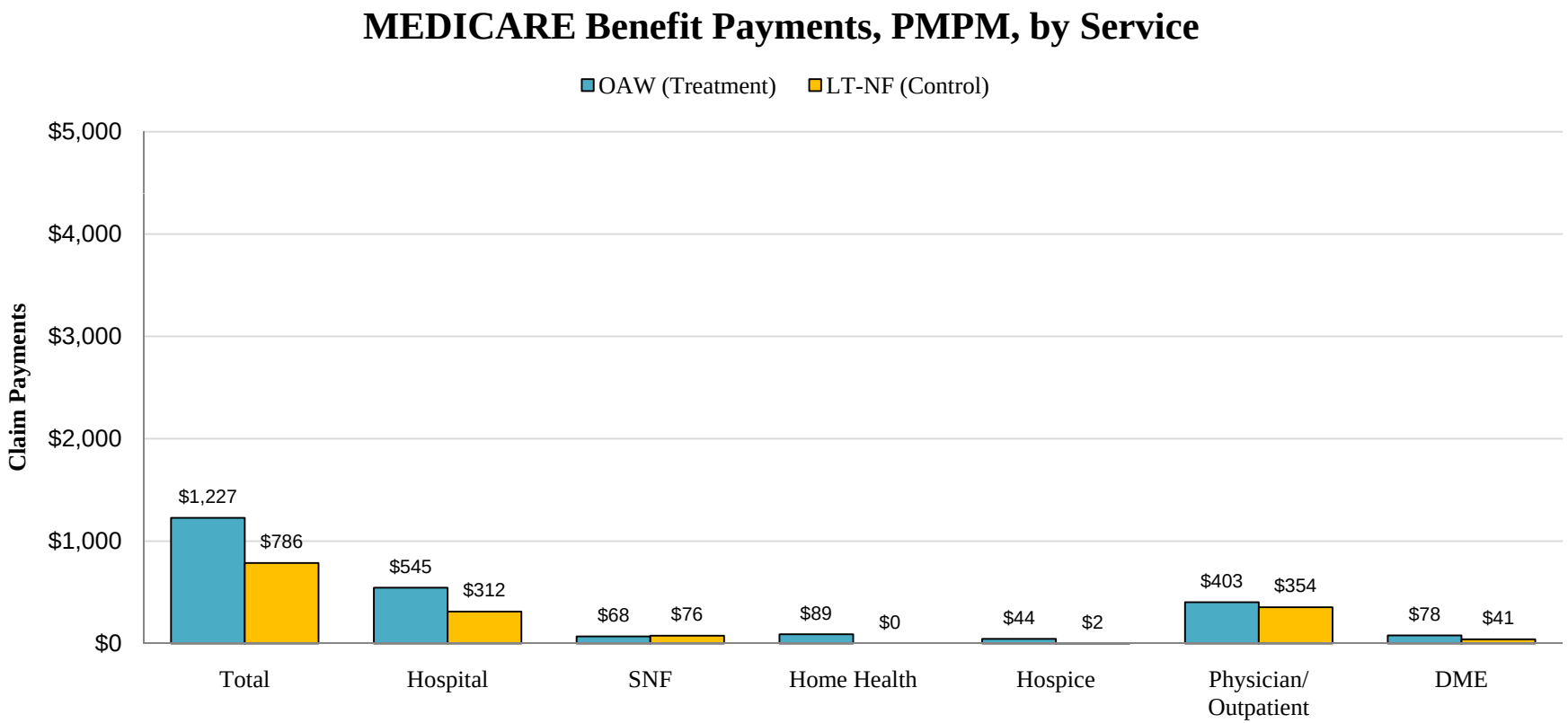
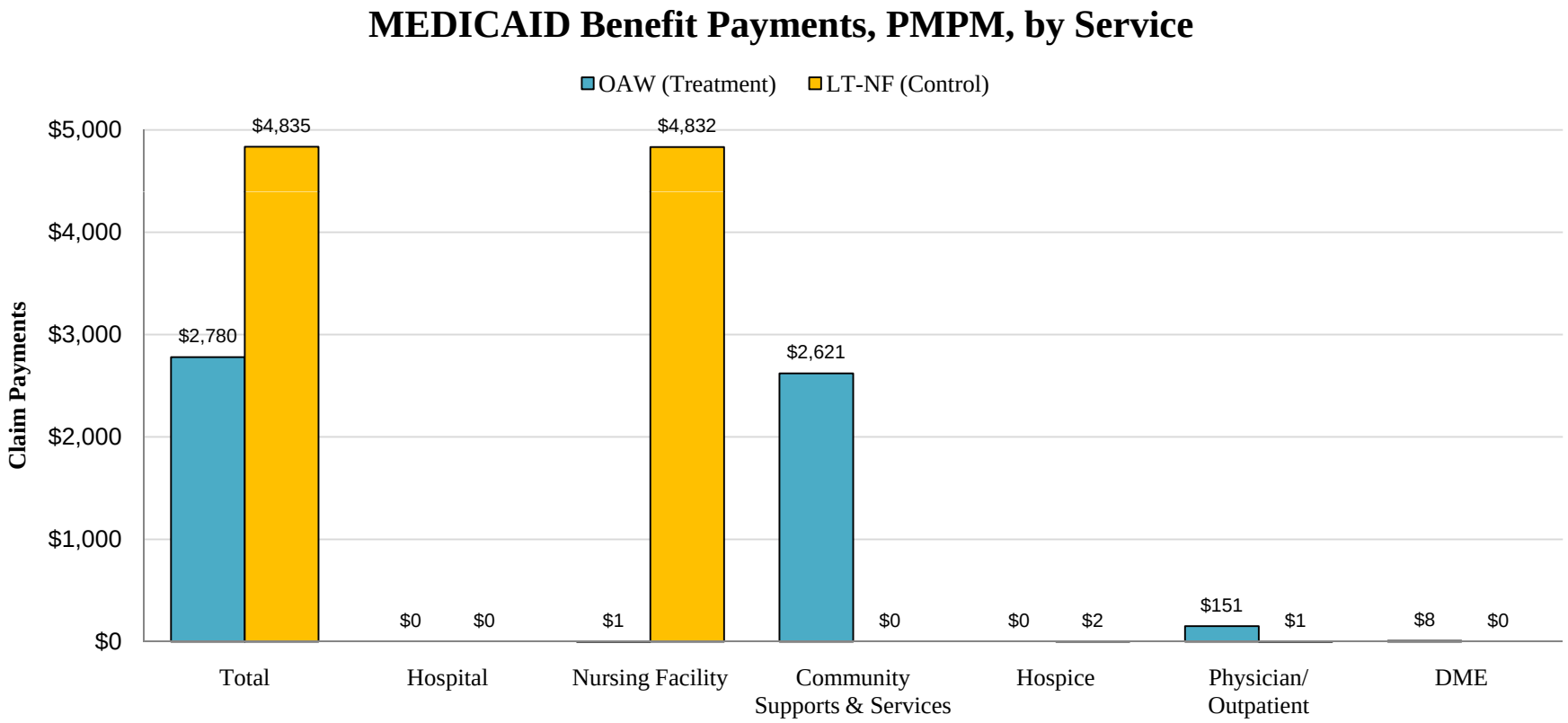
Medicare payments were $441 higher PMPM for the OAW dual eligibles than the matched LT-NF dual eligibles group . . .



Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

Notes: Maryland OAW (treatment) and community (control) samples of 1,731 full-benefit duals aged 50 and older, enrolled for 12 months (with no group health coverage) in 2006.

. . . while Medicaid payments were $2,055 PMPM higher for the LT-NF group, compared to the OAW group . . .



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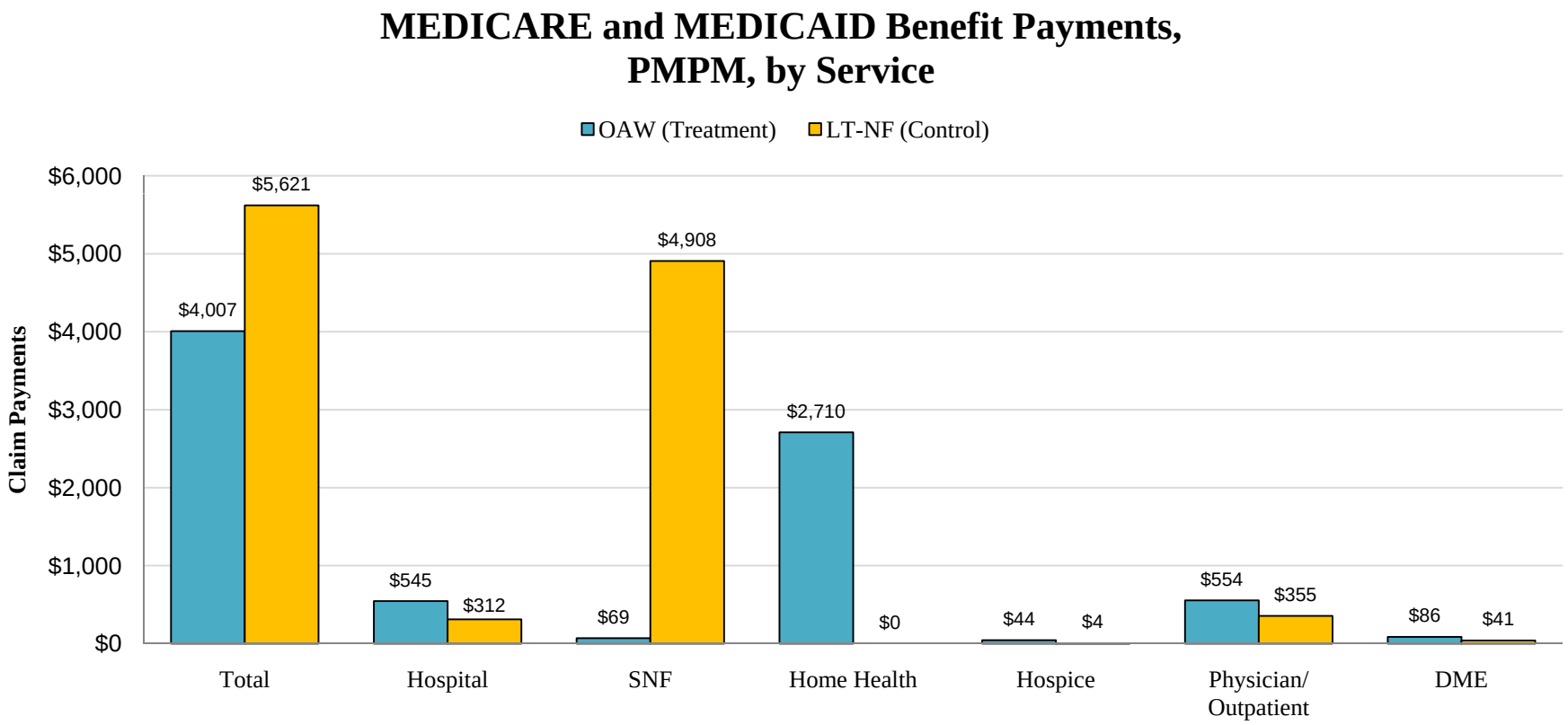
. . . and in total dollars, the OAW was far less expensive than the LT-NF.



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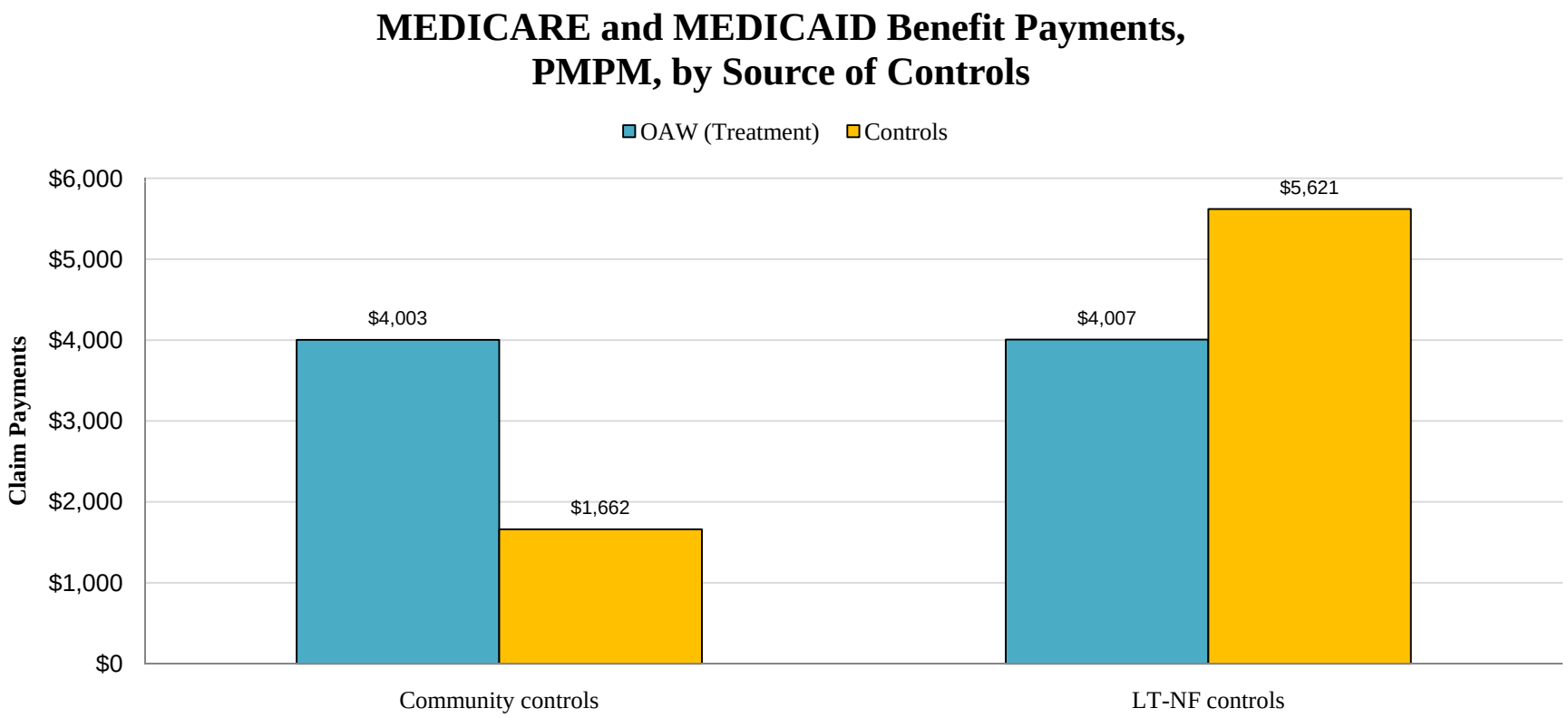
Notes: Maryland OAW (treatment) and community (control) samples of 1,731 full-benefit duals aged 50 and older, enrolled for 12 months (with no group health coverage) in 2006. Medicare crossover payments paid by Medicaid not included..

In sum, in total dollars, the OAW group is far more expensive than the community group and far less expensive than the LT-NF group.



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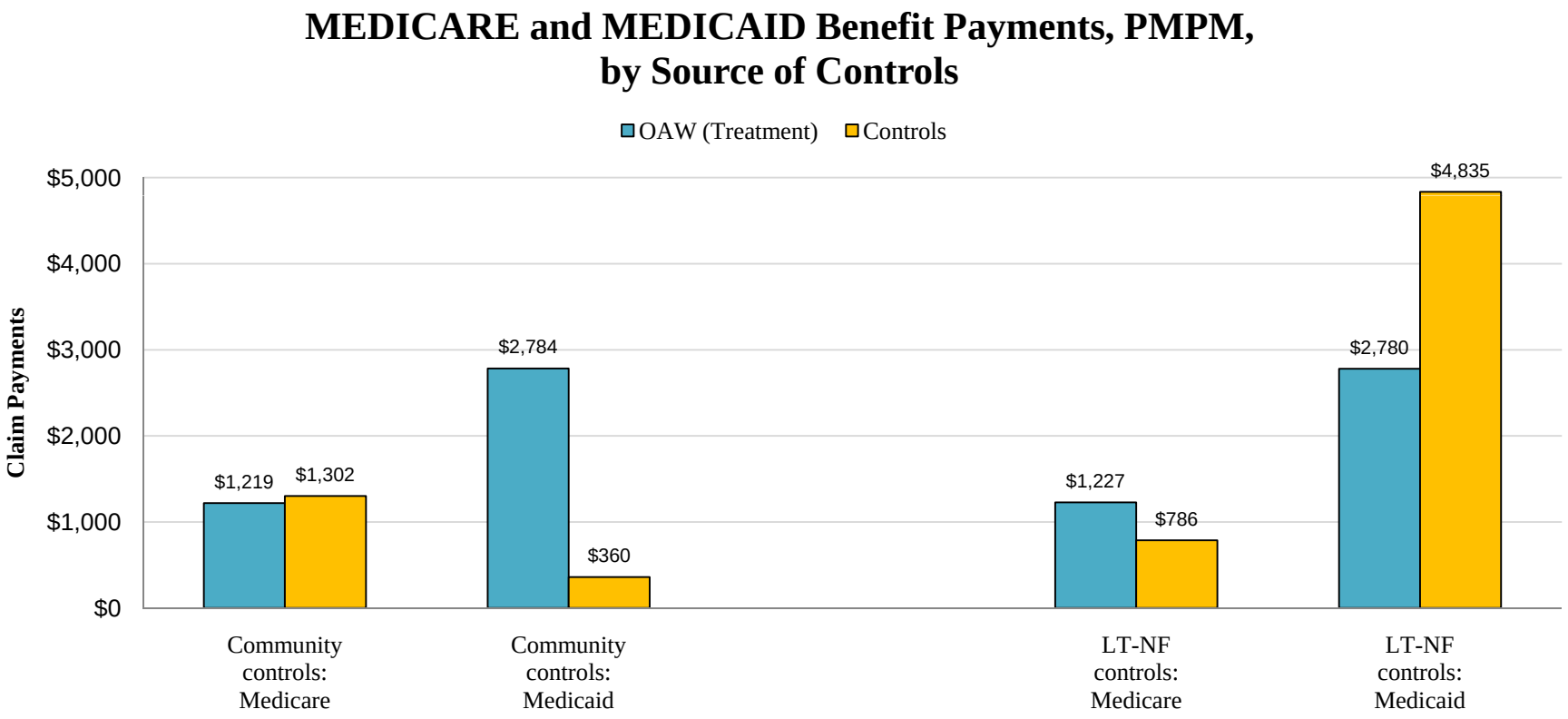
While the Medicare payment difference is negligible in the community, *the Medicare program saved $$ when dual eligibles meeting NF LOC are in NFs.*



Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

Notes: Both sets of samples: full-benefit duals aged 50 and older, enrolled for 12 months (with no group health coverage) in 2006. Maryland OAW and Community samples: n=1,440; Maryland OAW LT-NF samples: 1,731. Medicare crossover payments paid by Medicaid not included.

Finding No. 1: Medicare and Medicaid financing don't align to promote HCBS

- Medicare spent less when a dual eligible was in an NF ($786 PMPM) than it did when a comparable dual eligibles was in the OAW in the community ($1,227 PMPM) (and Medicare spent about the same for a person in the community regardless of OAW involvement)
- Medicaid spent less when a dual eligible was in the OAW ($2,780 PMPM) than it did when a comparable person was in an NF ($4,835 PMPM)
- Overall, placement in the OAW costs substantially less ($4,007 PMPM) than placement in an LT-NF ($5,621 PMPM)
- To align the financial incentives toward community placement, integrated care for dual eligibles must align Medicare and Medicaid financial incentives

Finding No. 2: Because the vast majority of LT-NF admissions begin with a Medicare stay, community integration for dual eligibles must engage Medicare

- From 1999-2008, 74% of all admissions in Maryland to an SNF/NF began as a Medicare stay, whereas only 15% began as a Medicaid stay (total stays = 648,774)
- This emphasizes the need to engage Medicare to promote community-based care of LT-NF admissions for dual eligibles

Finding No. 3: The OAW only is cost-effective for Medicaid when it truly avoids an LT-NF placement

- Offering an OAW slot ($2,780 PMPM) to an individual who is certain to become an LT-NF resident ($4,835 PMPM) is cost-effective for Medicaid
- Offering an HCBS waiver slot to an individual ($2,784 PMPM) who *otherwise would remain in the community anyway* ($360 PMPM) is more expensive to Medicaid
- This emphasizes the need for good assessment processes to award slots to people at risk for LT-NF

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