



**The Hilltop Institute**

*analysis to advance the health of vulnerable populations*

# **Focus on Reform: Long-Term Services and Supports**

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October 29, 2010

Charles Milligan

National Health Policy Forum

# Preview of Presentation

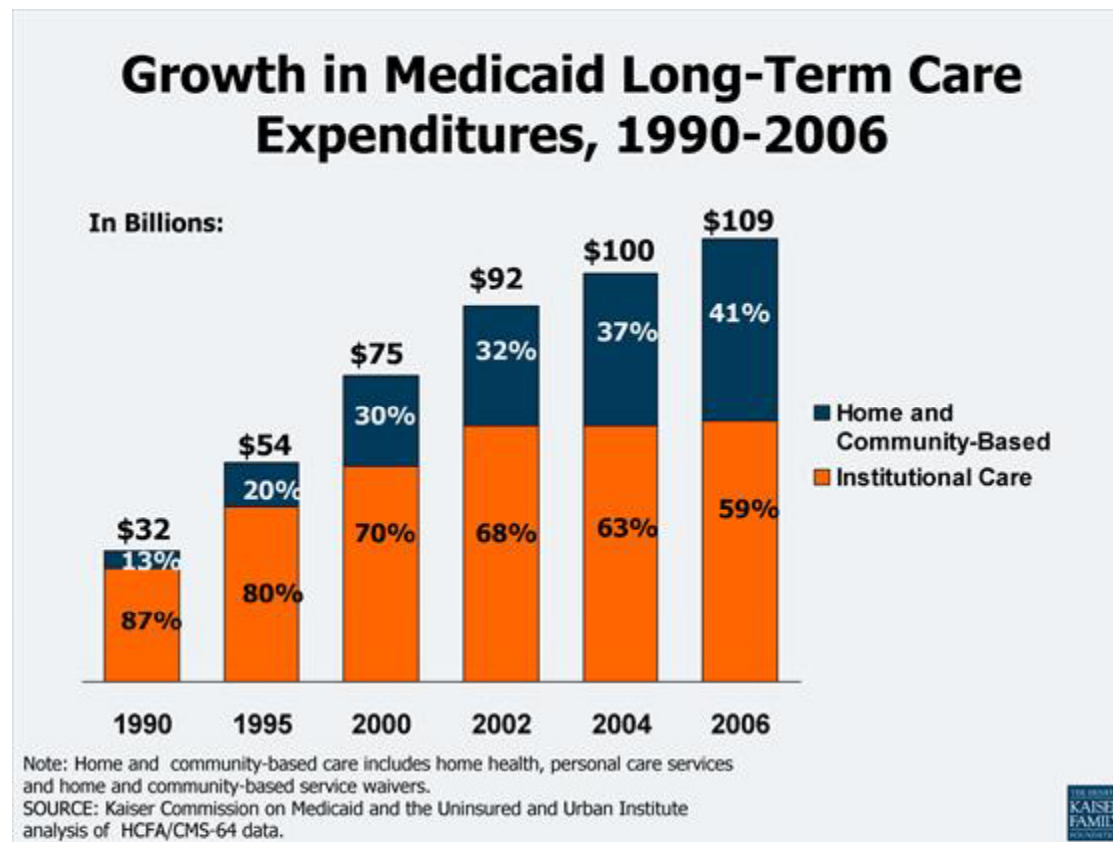
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- Background Information
- State “Externalities”
- Federal “Externalities”
- Forecasting Take-Up of LTSS Options in ACA

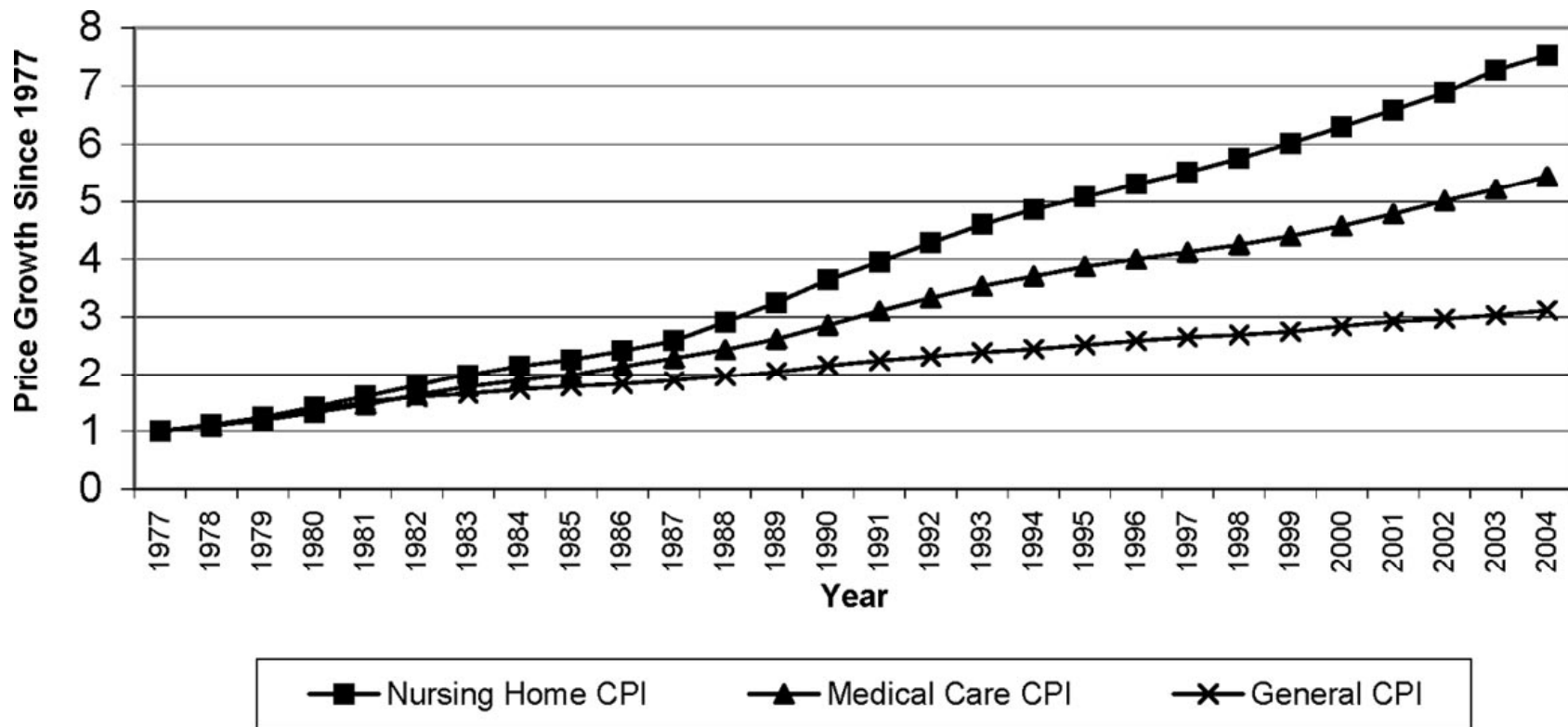
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# **Background Information**

# Expenditures in Medicaid LTSS continues to grow, especially in the community.

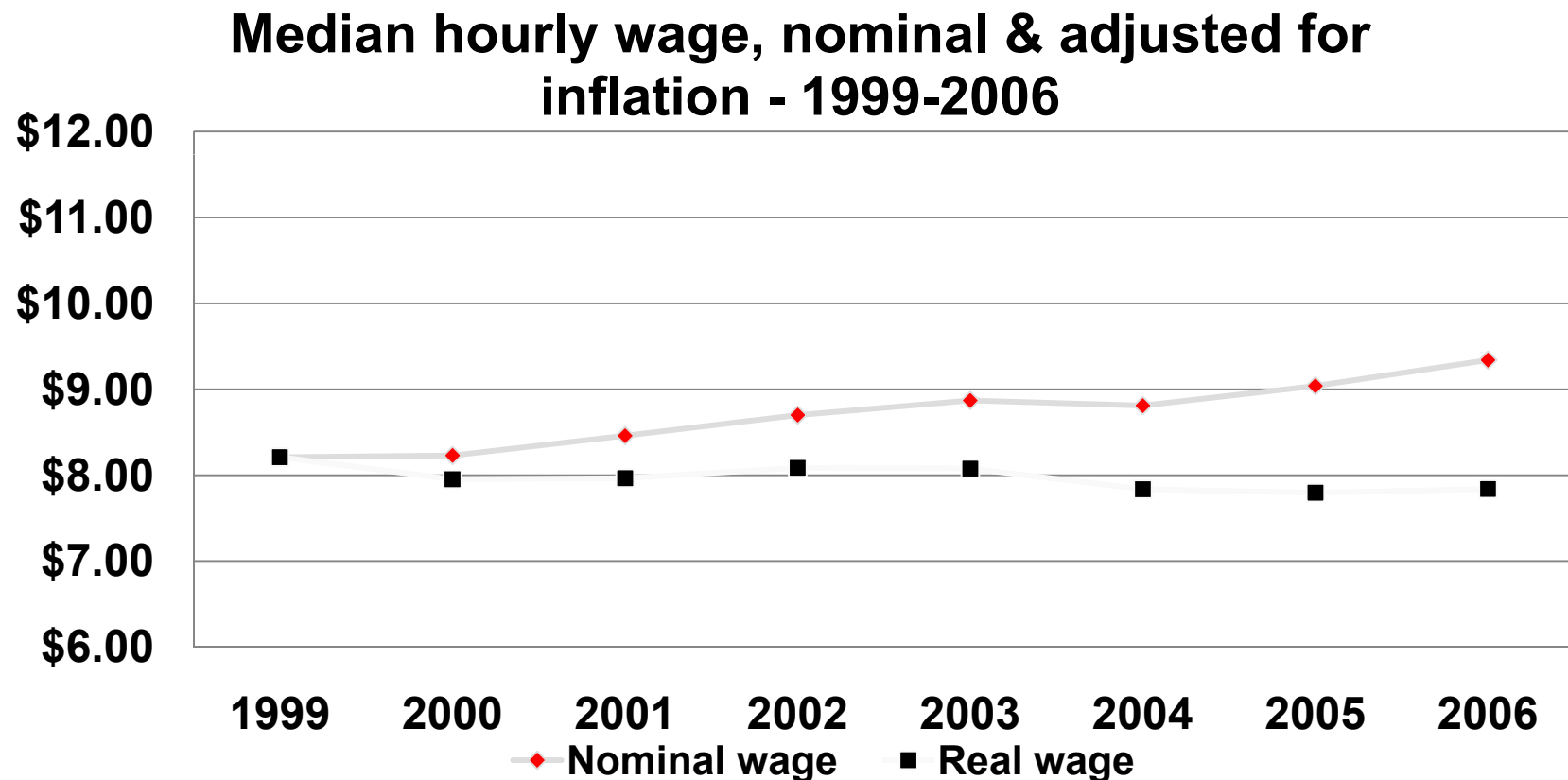


# HCBS has grown relative to nursing facilities in spite of the fact that Nursing Home CPI is higher than any other trend . . .



Stewart et al., 2009, *Medical Care*

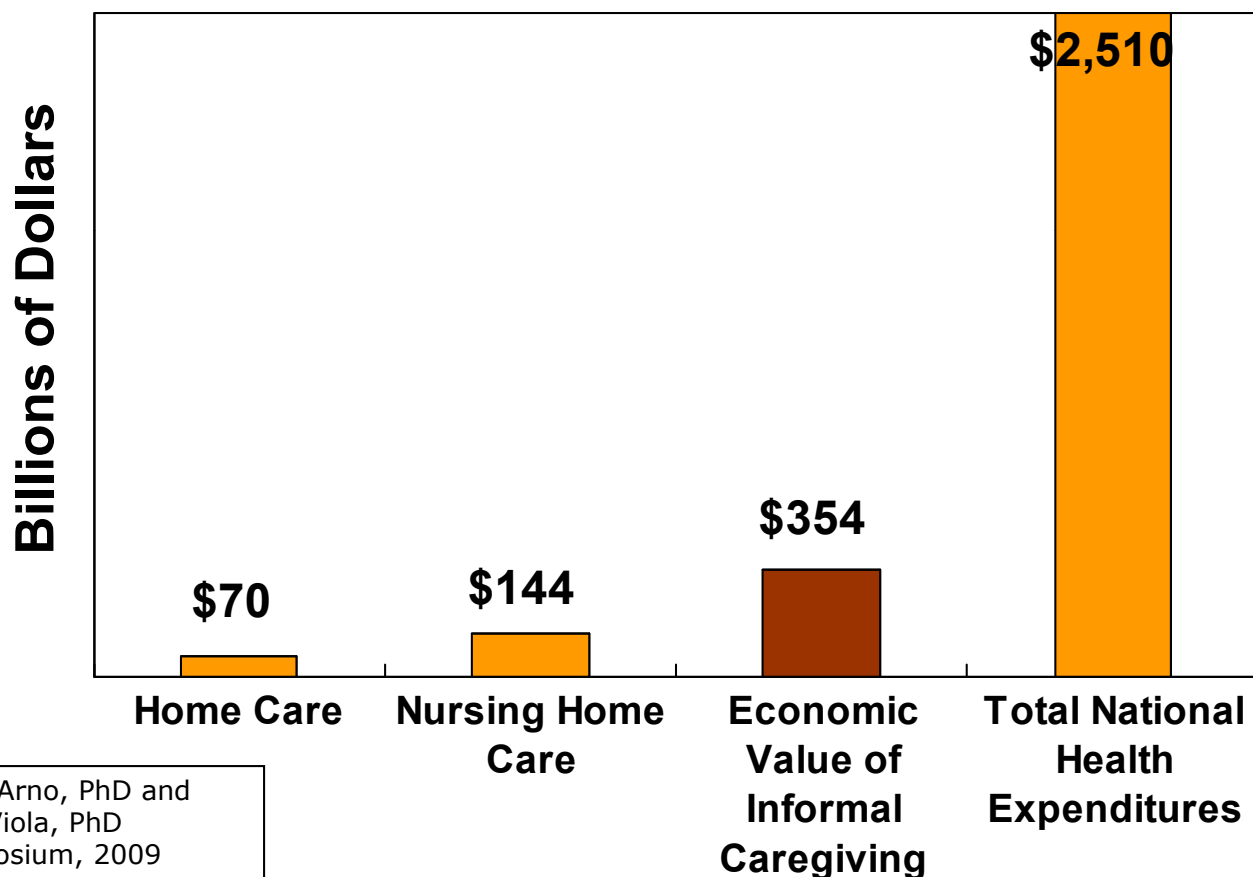
# **. . . and that wages for home health aides have not kept up with inflation . . .**



Source: Peter Arno, PhD and  
Deborah Viola, PhD  
Hilltop Symposium, 2009

Source: PHI analysis of CPS 2007

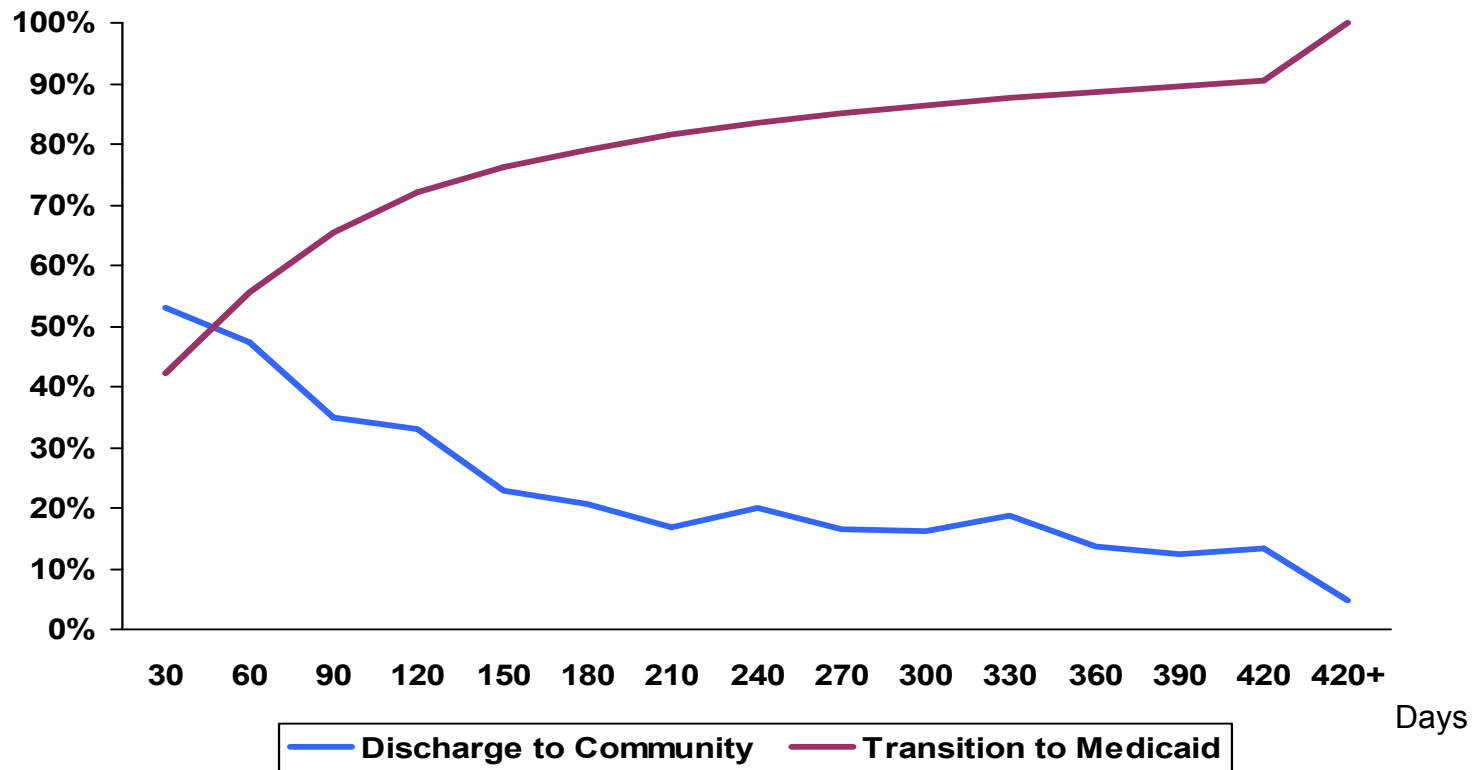
**... and the nation continues to depend on informal caregiving.**



Source: Peter Arno, PhD and  
Deborah Viola, PhD  
Hilltop Symposium, 2009

Expenditure data from Office of the Actuary, CMS, Health Affairs, 2009

# A key predictor of a conversion to the community is a nursing facility resident's length of stay . . .



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



# ... and between 1999-2008, 74 percent of all nursing home admissions in Maryland began as Medicare stays ...

		<u>Stays</u>		<u>Avg. Length of Stay</u>
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

A **DISCRETE STAY** includes all days of care from admission to discharge in a single facility

Hilltop Refined MDS data for Maryland, 1999-2008

## **. . . so Hilltop conducted research, funded by RWJ, on Medicare-Medicaid cross-payer effects.**

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- Look at cross-payer effects for dual eligibles in Maryland
- One specific analysis: Look at the cross-payer effects for dual eligibles who meet nursing facility level of care (NF LOC), both in the community and in institutions
- Older Adults Waiver (OAW) recipients were compared to matched individuals in the community and in LT-NFs

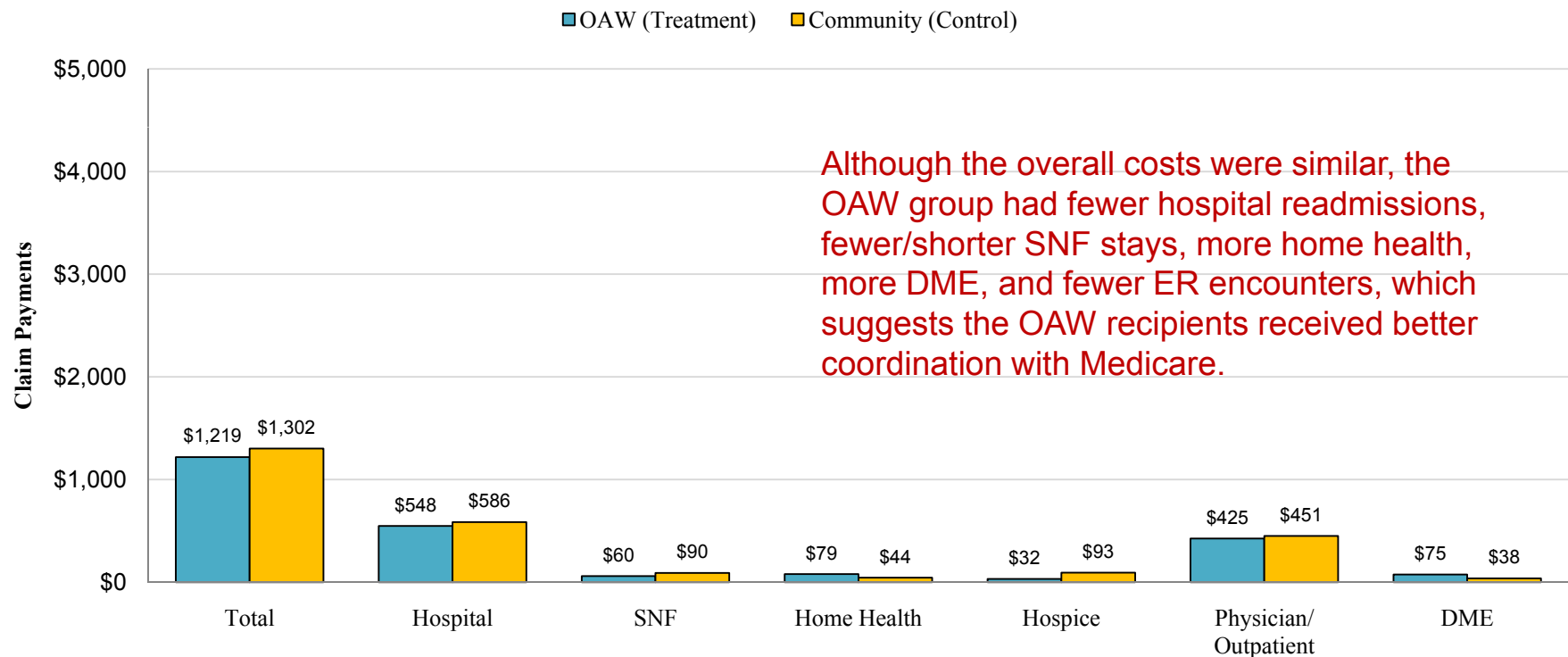
# Propensity score matching was done for comparisons

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- Hilltop took dual eligible OAW recipients in 2006 (n=1,759)
- And tried to find a matched dual eligible in the community (potential n=19,095); the number who matched was 1,440
- And also tried to find a matched dual eligible in a NF (potential n=6,336); the number who matched were 1,731
- Criteria used to create the matched pairs: age; gender; race; CMS HCC relative value; frailty indicator (diagnostic-based, Hopkins ACG system); ESRD indicator; 20 Chronic Condition Warehouse condition indicators; months of Medicaid eligibility; and whether “disability” was criteria for original Medicare eligibility.

# Medicare payments were nearly identical for OAW recipients and the matched group in the community . . .

MEDICARE Benefit Payments, PMPM, by Service

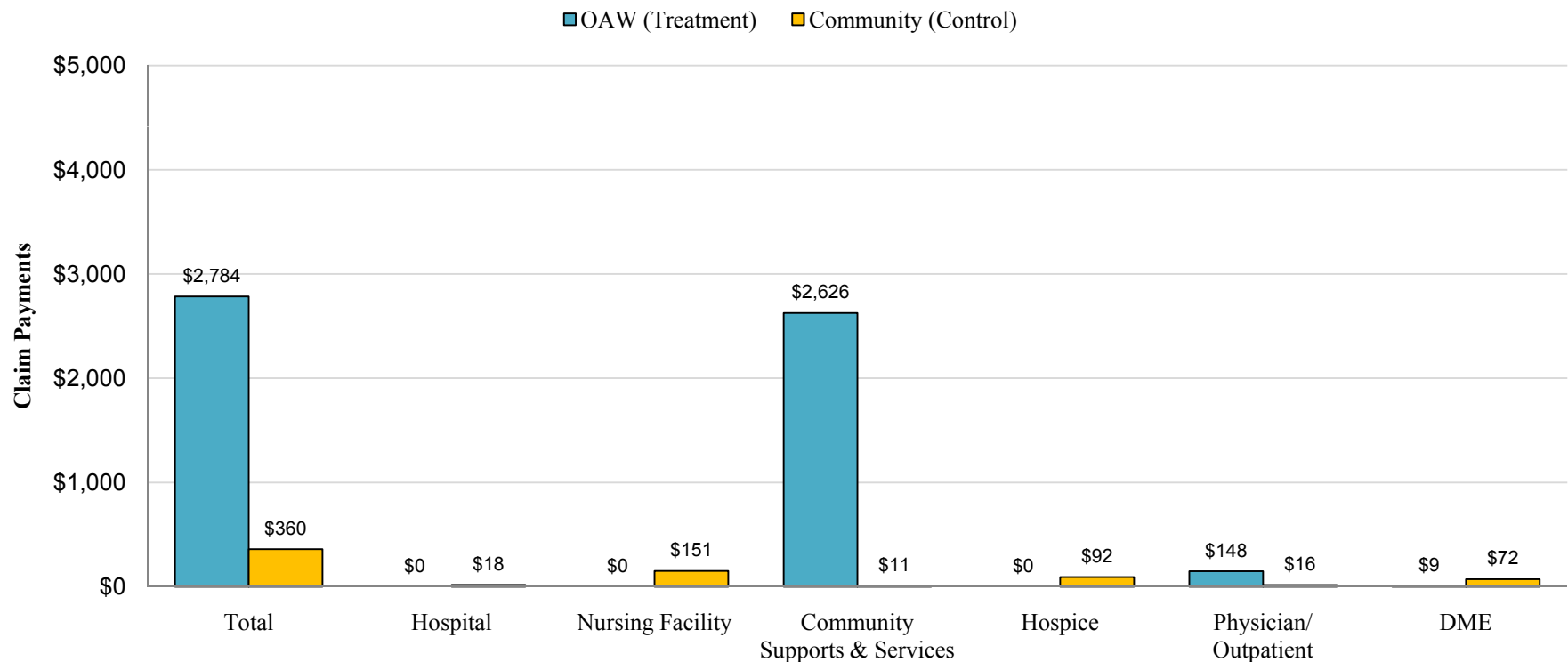


Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

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 . . .**

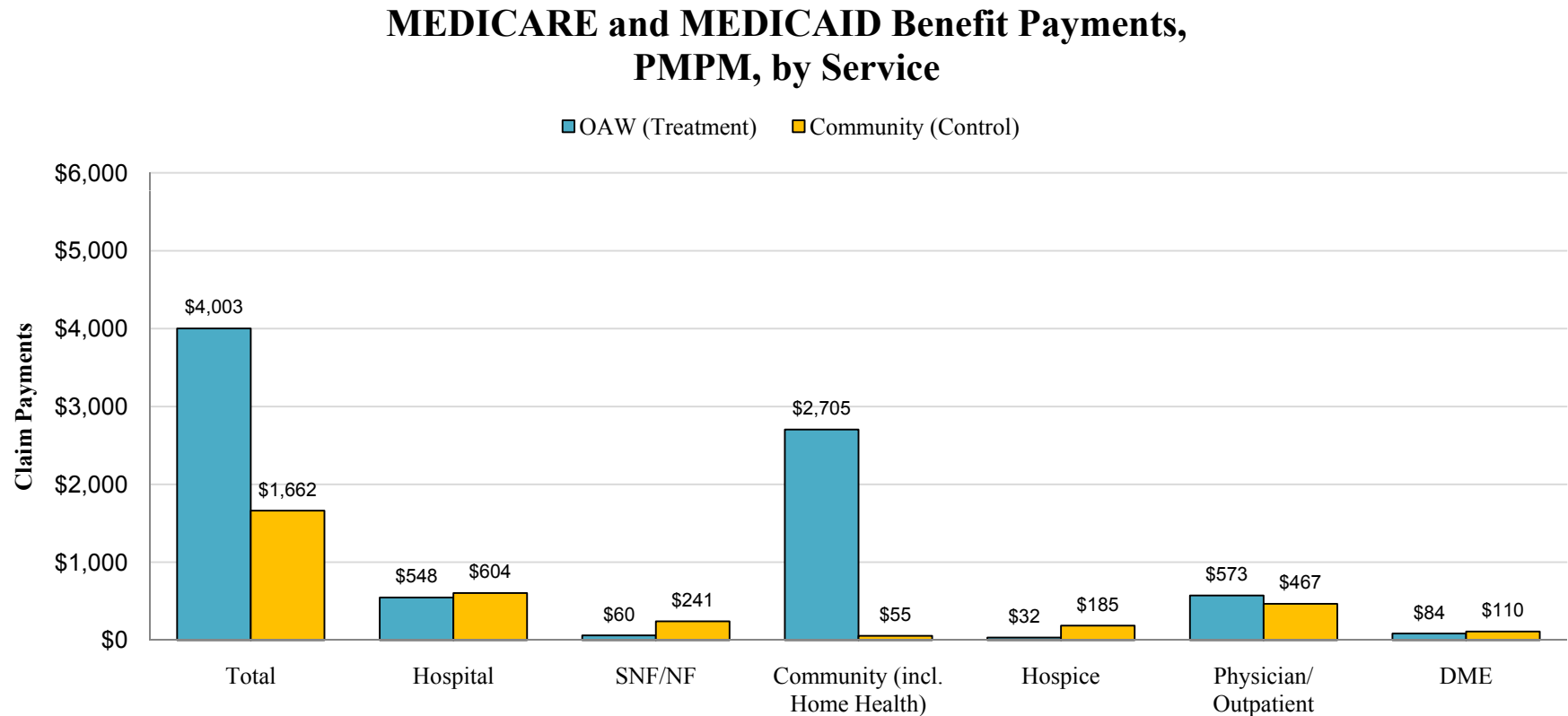
**MEDICAID Benefit Payments, PMPM, by Service**



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. 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.**

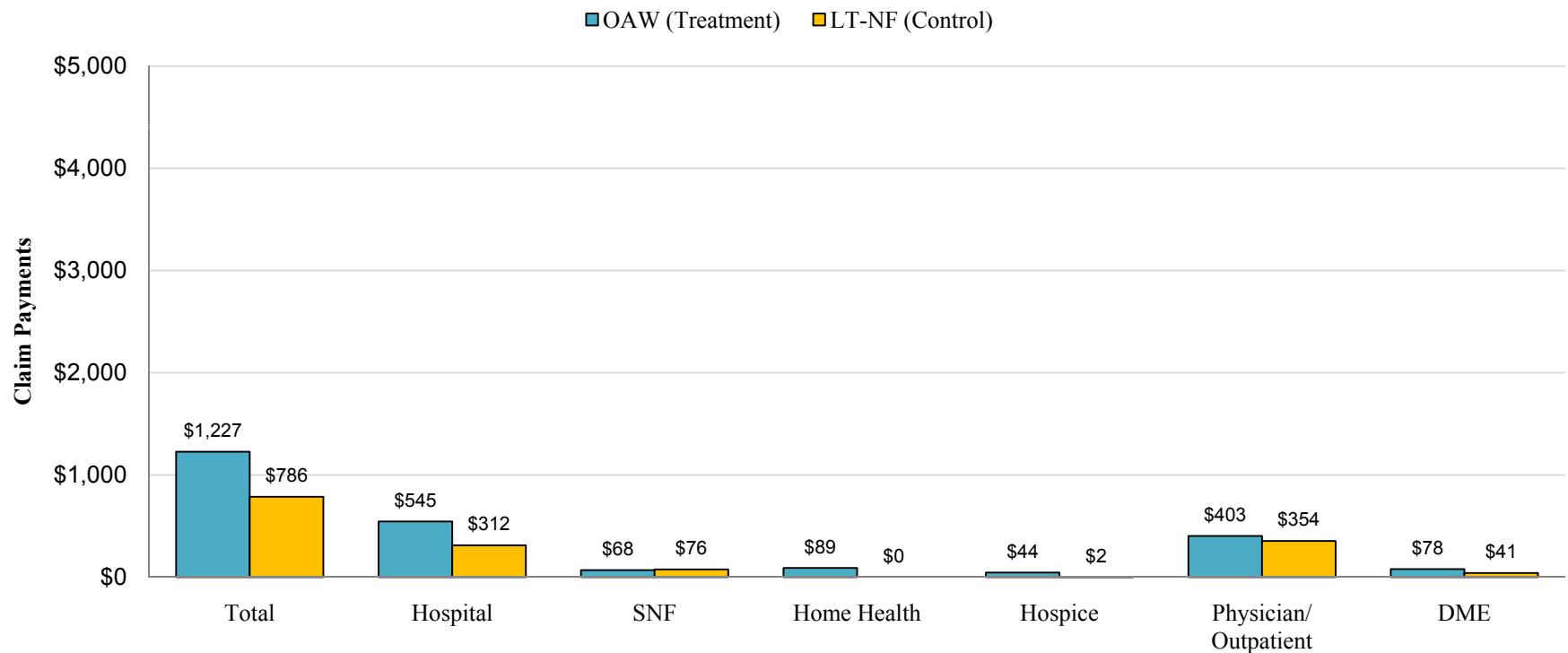


Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

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. Medicare crossover payments paid by Medicaid not included.

# Medicare payments were \$441 higher PMPM for the OAW group than the matched NF group . . .

MEDICARE Benefit Payments, PMPM, by Service

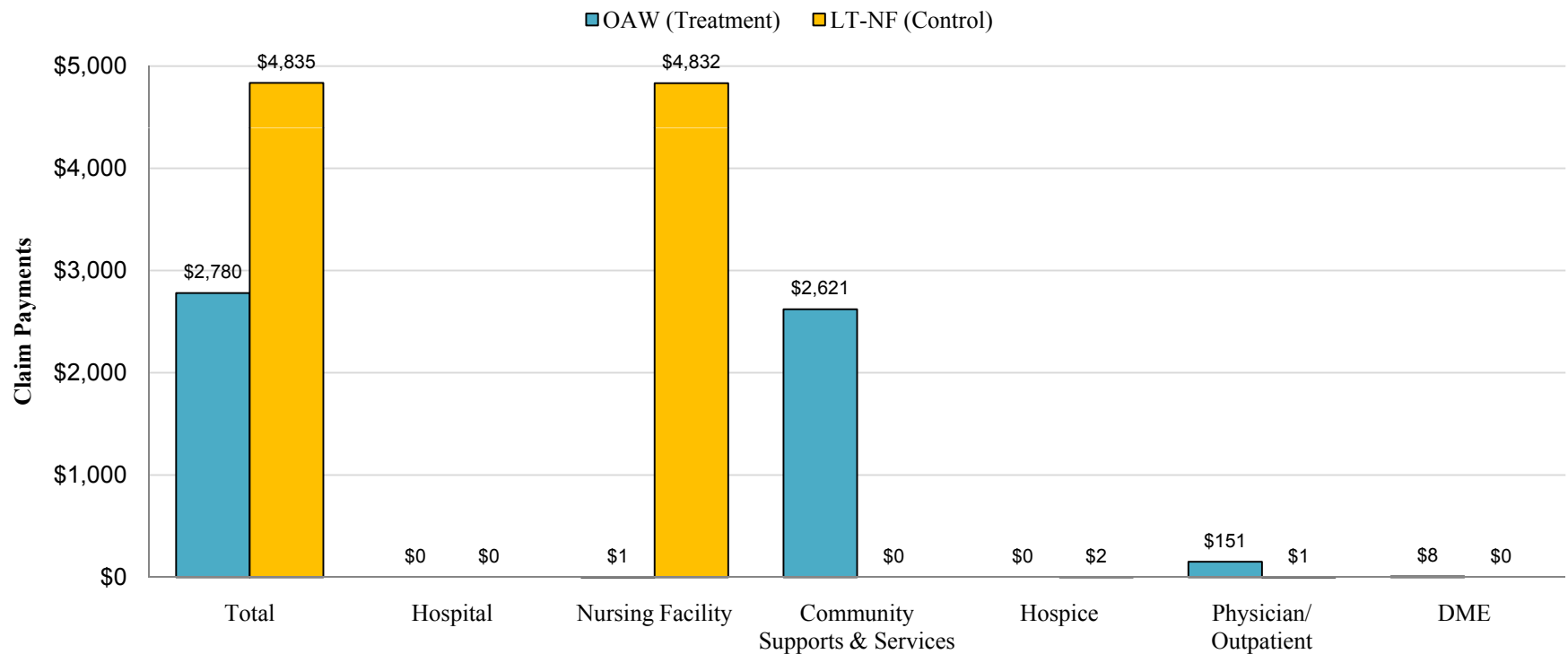


Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

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 NF group, compared to the OAW group ...**

**MEDICAID Benefit Payments, PMPM, by Service**



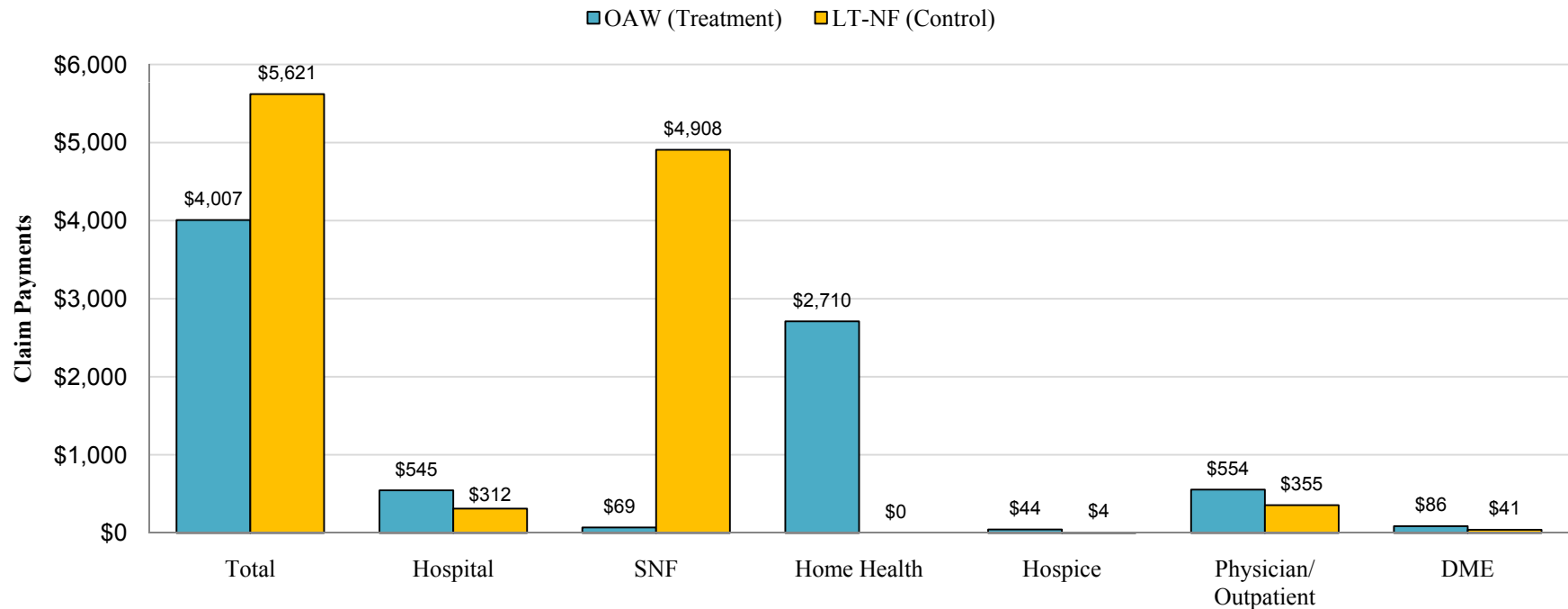
Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

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. Medicare crossover payments paid by Medicaid not included.



**... and in total dollars, the OAW was far less expensive than a NF.**

### MEDICARE and MEDICAID Benefit Payments, PMPM, by Service

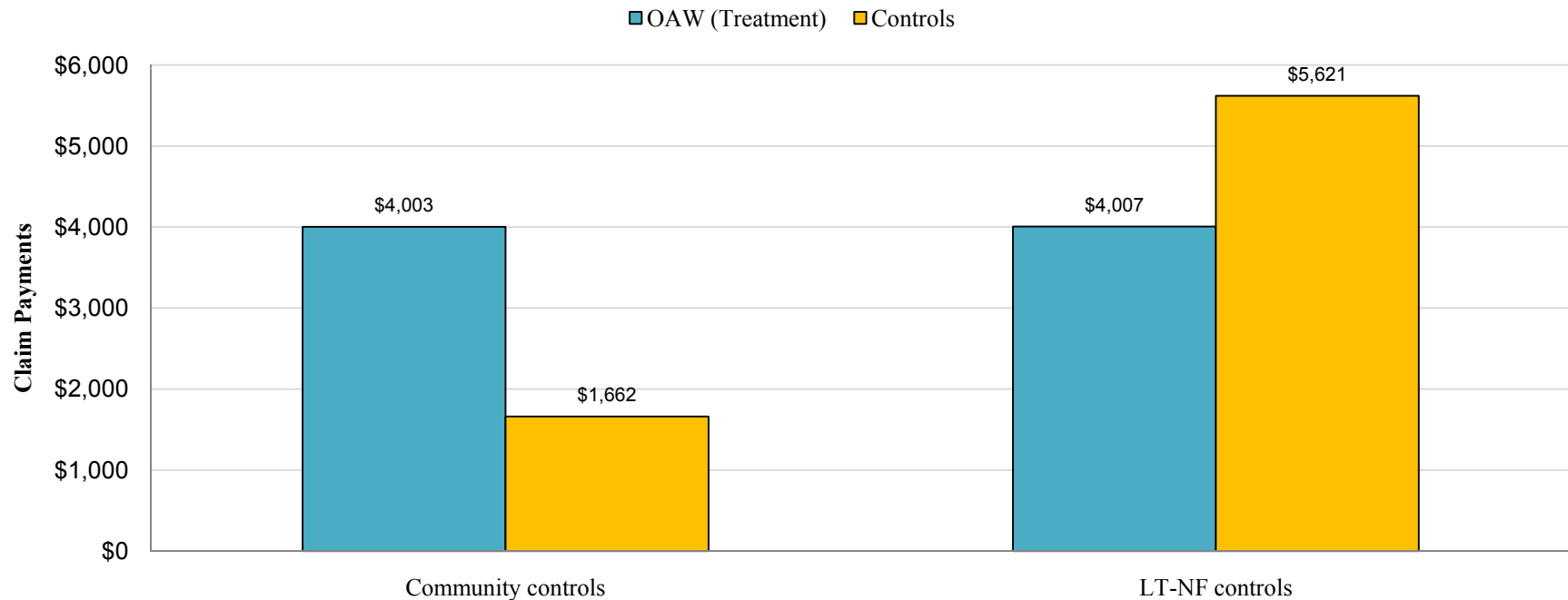


Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

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. 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 NF group.**

**MEDICARE and MEDICAID Benefit Payments,  
PMPM, by Source of Controls**

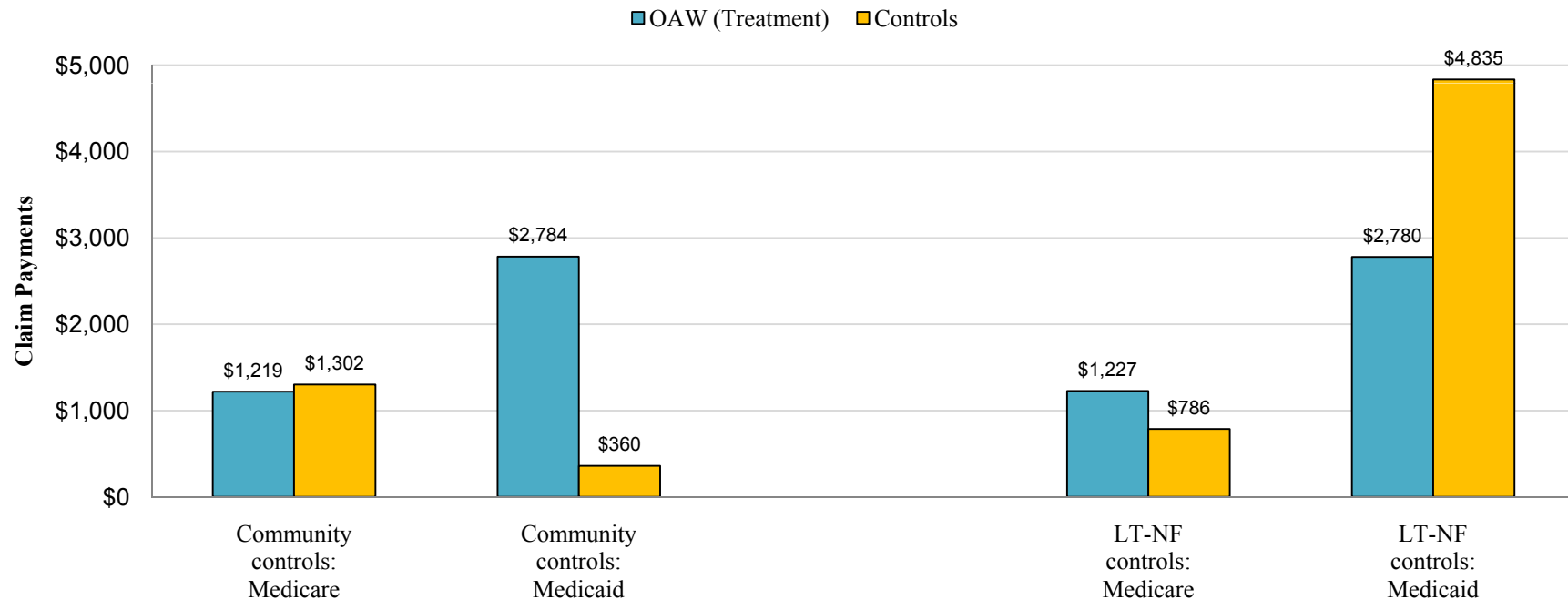


Source: Tucker, A., & Johnson, K. (2010). *Cross-Payer Effects on Medicare Resource Use: Lessons for Medicaid Administrators*. Baltimore, MD: The Hilltop Institute.

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. Medicare crossover payments paid by Medicaid not included.

# While the Medicare payment difference is negligible in the community, the Medicare program saved \$\$ when people were in NFs.

**MEDICARE and MEDICAID Benefit Payments, PMPM,  
by Source of Controls**



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.

# Key observations from the analysis

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- No. 1: Medicare and Medicaid financing do not align to promote HCBS
- No. 2: Because the vast majority of NF admissions begin with a Medicare stay, community integration for dual eligibles must engage Medicare
- No. 3: The OAW only is cost-effective (at the individual level) for Medicaid when it truly avoids a NF placement

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# **State “Externalities”**

# Major Opportunities

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- Potential savings associated with promoting HCBS instead of institutional settings
- Potential savings associated with transitions from state-run facilities
- Enhanced FMAP
- New options fit with many state policy directions
  - Attendant care
  - Attention on dual eligibles
  - Conversion of NF residents

# Major Barriers

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- Budget, budget, budget
- Lean state administrative staff, and opportunity cost (policymaking “crowd out”)
- Skepticism about premise of “savings later for investment now”
  - Concern about substitution of paid caregiving for informal caregiving
  - Concern about saving Medicare money with Medicaid investments

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# **Federal “Externalities”**



# Major Opportunities

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- Renewed enforcement activities in Olmstead
- Federal Office of Coordinated Care (dual eligibles), in combination with new demonstration waiver authorities, can support various forms of shared savings models
- Enhanced FMAP in several options
- More flexibility in some areas, such as 1915(i)
- Changes in Money Follows the Person program more closely align with critical window of opportunity

# Major Barriers

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- Uncertainty breeds concerns (e.g. Medicare payment policy)
- Federal opportunity costs (perception that HHS, CMS, and OMB are preoccupied elsewhere)
- Time-limited nature of some enhanced FMAP options
- Less flexibility in some areas, such as 1915(i)

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# **Forecasting Take-Up of LTSS Options in ACA**

# My forecast

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- Keen interest and activity in areas of true savings (and where Olmstead objectives more pressing):
  - MFP
  - 1915(i) for adults with mental illness, especially if state operates IMD
  - Dual eligible demos
- Interest, but less actual activity, in other areas:
  - Community First Choice Option
  - State Rebalancing Initiative
- Advocacy at state level will build, with goal of being “first in line” when financial picture changes in states

# About The Hilltop Institute

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The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized research center dedicated to improving the health and wellbeing of vulnerable populations. Hilltop conducts research, analysis, and evaluations on behalf of government agencies, foundations, and nonprofit organizations at the national, state, and local levels.

[www.hilltopinstitute.org](http://www.hilltopinstitute.org)

# Contact Information

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