

# Medicaid Reform: Policy Roundtable Session

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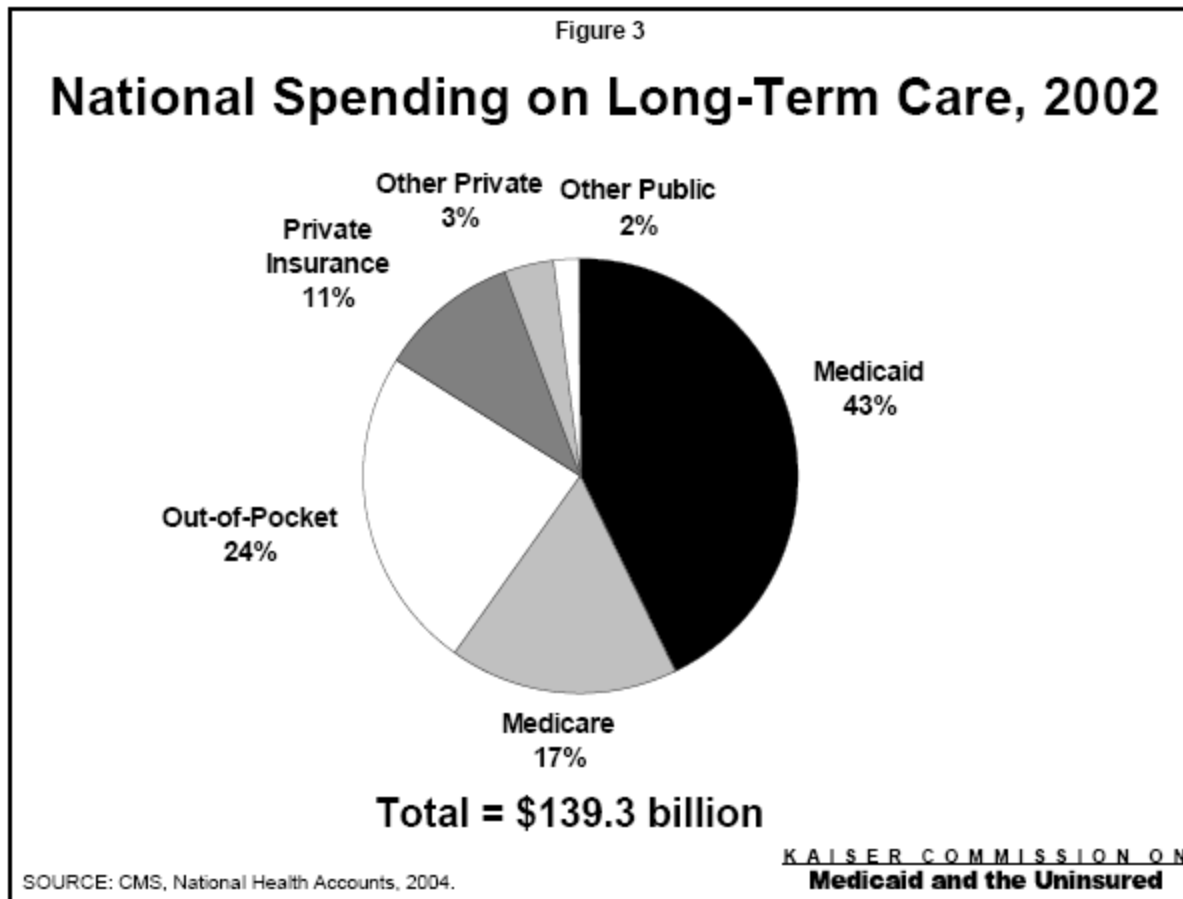
AcademyHealth Meeting



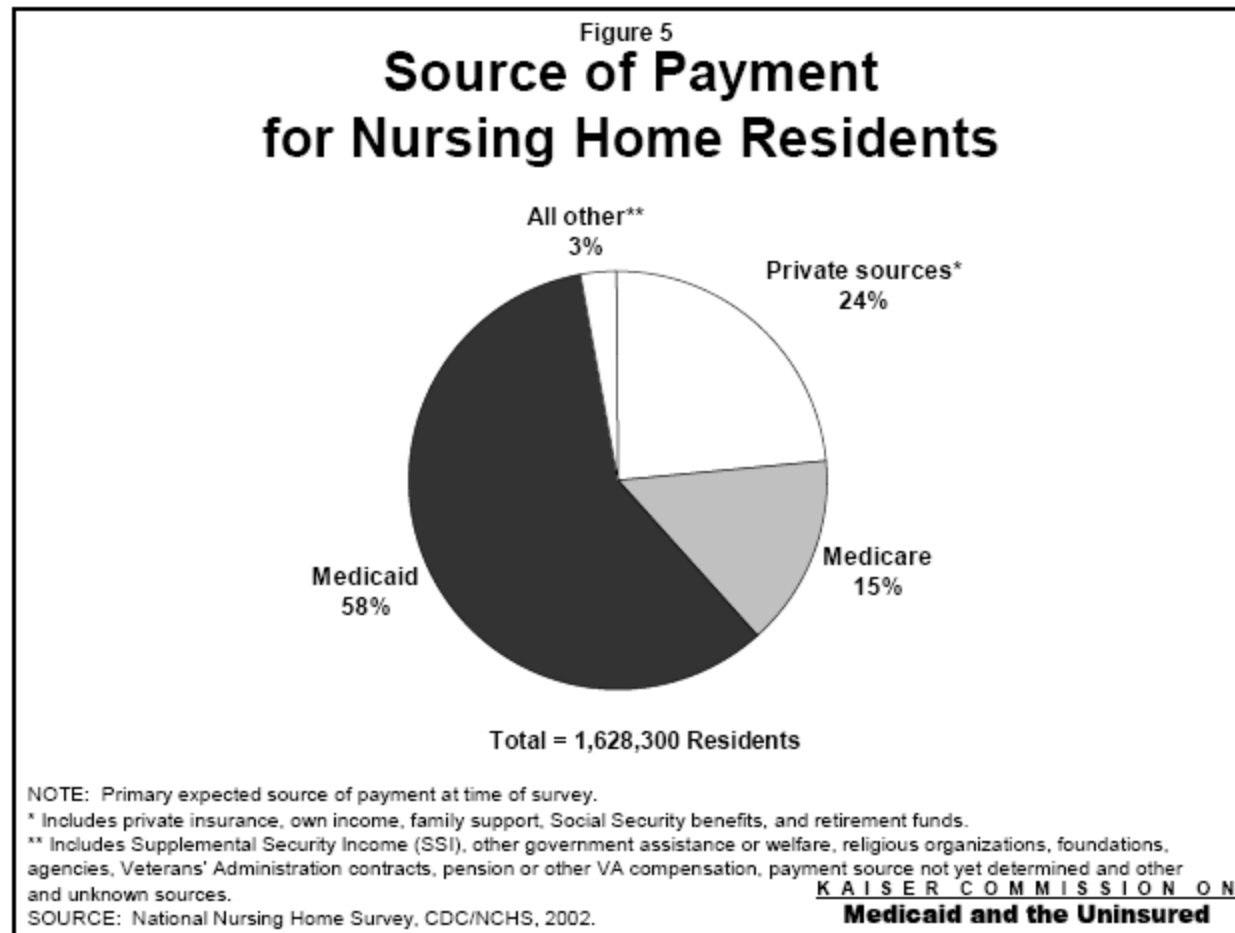
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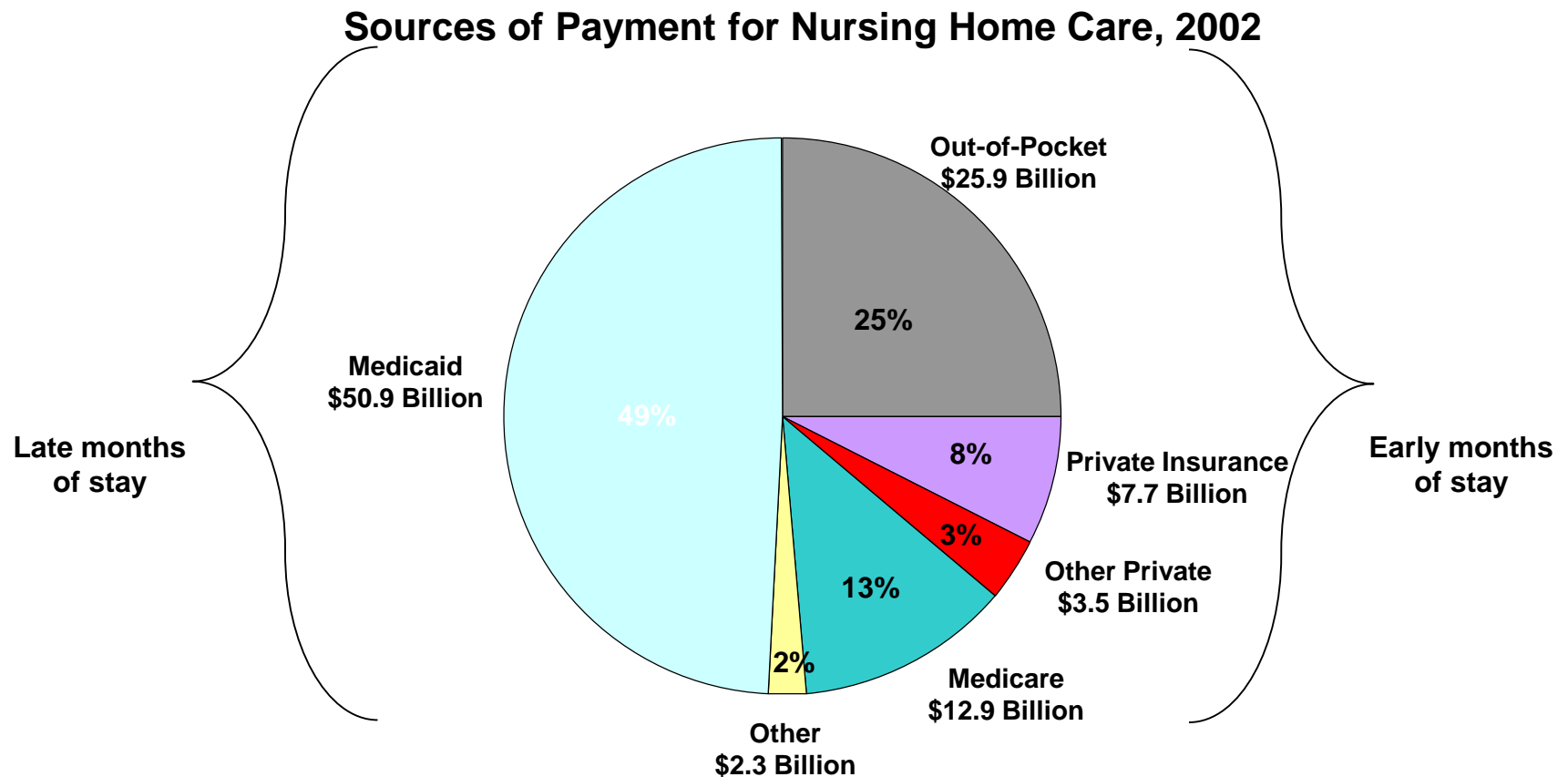
# In aggregate, Medicaid is the largest funder of long-term care services nationally . . .



**. . . and is the primary source of funding for most residents of nursing facilities.**



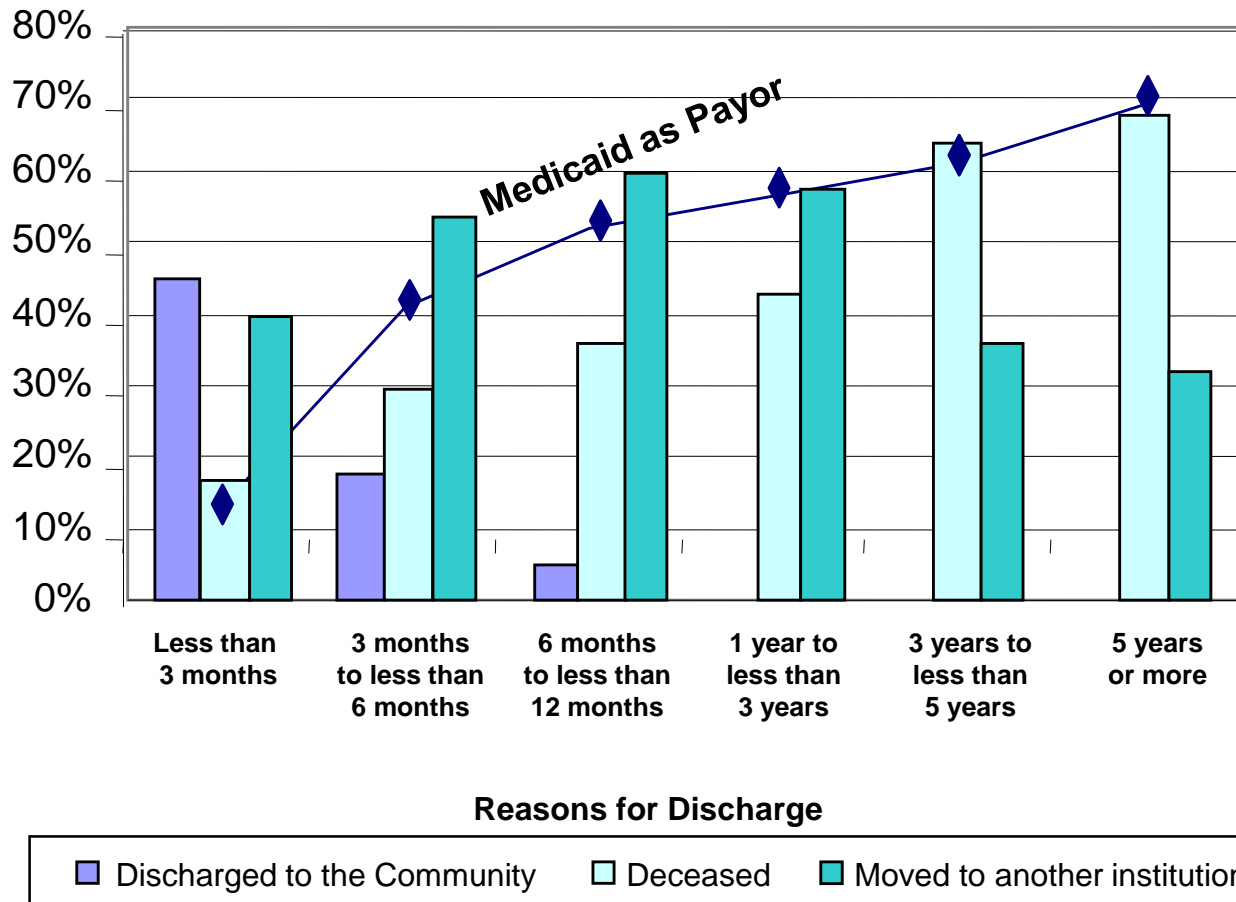
# Because other funding sources usually cover the early months of a person's nursing facility stay . . .



Source: CMS, Office of the Actuary



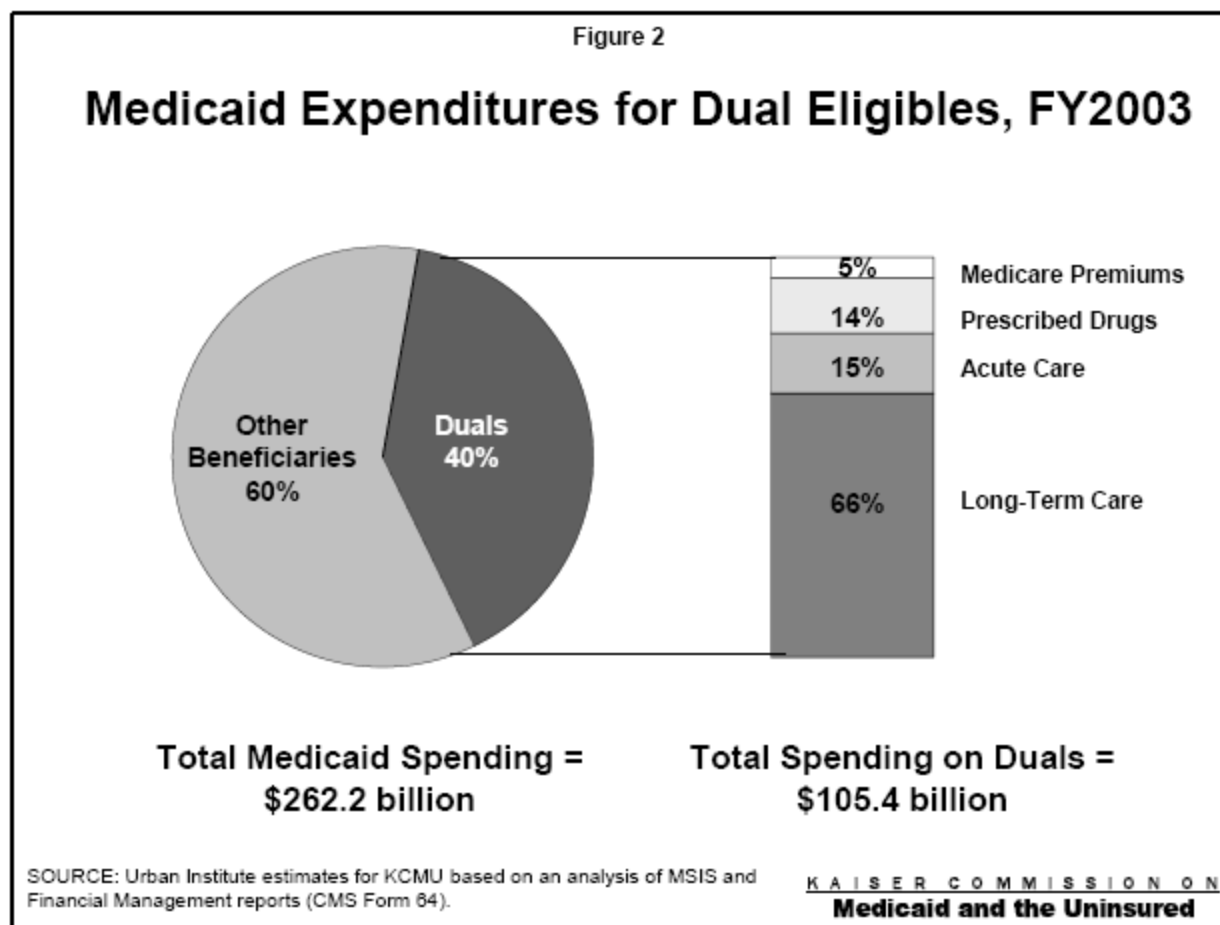
**... individuals who move to the community do so after a short stay, before Medicaid can easily divert them.**



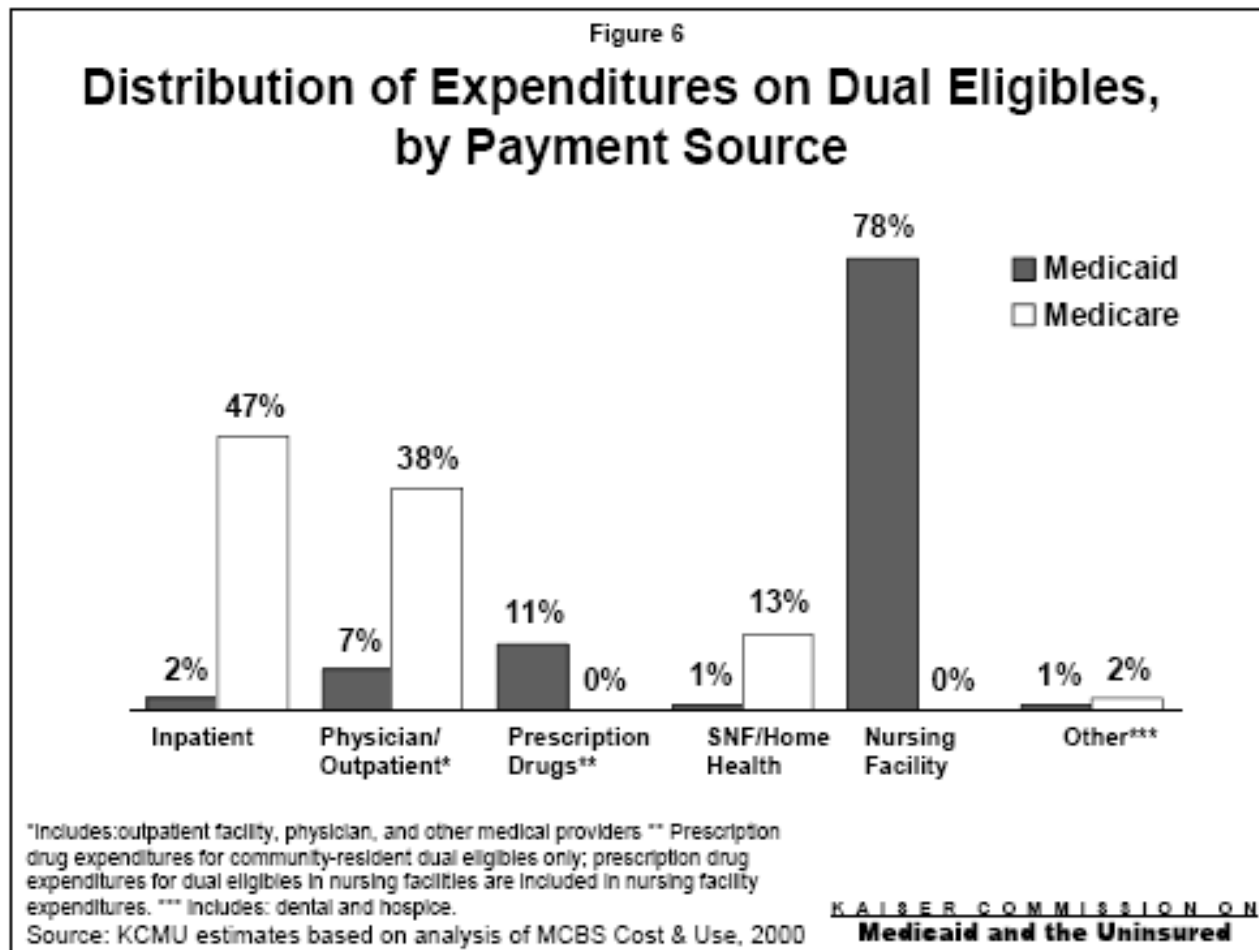
Source: The National Nursing Home Survey: 1999 Discharge Data Summary



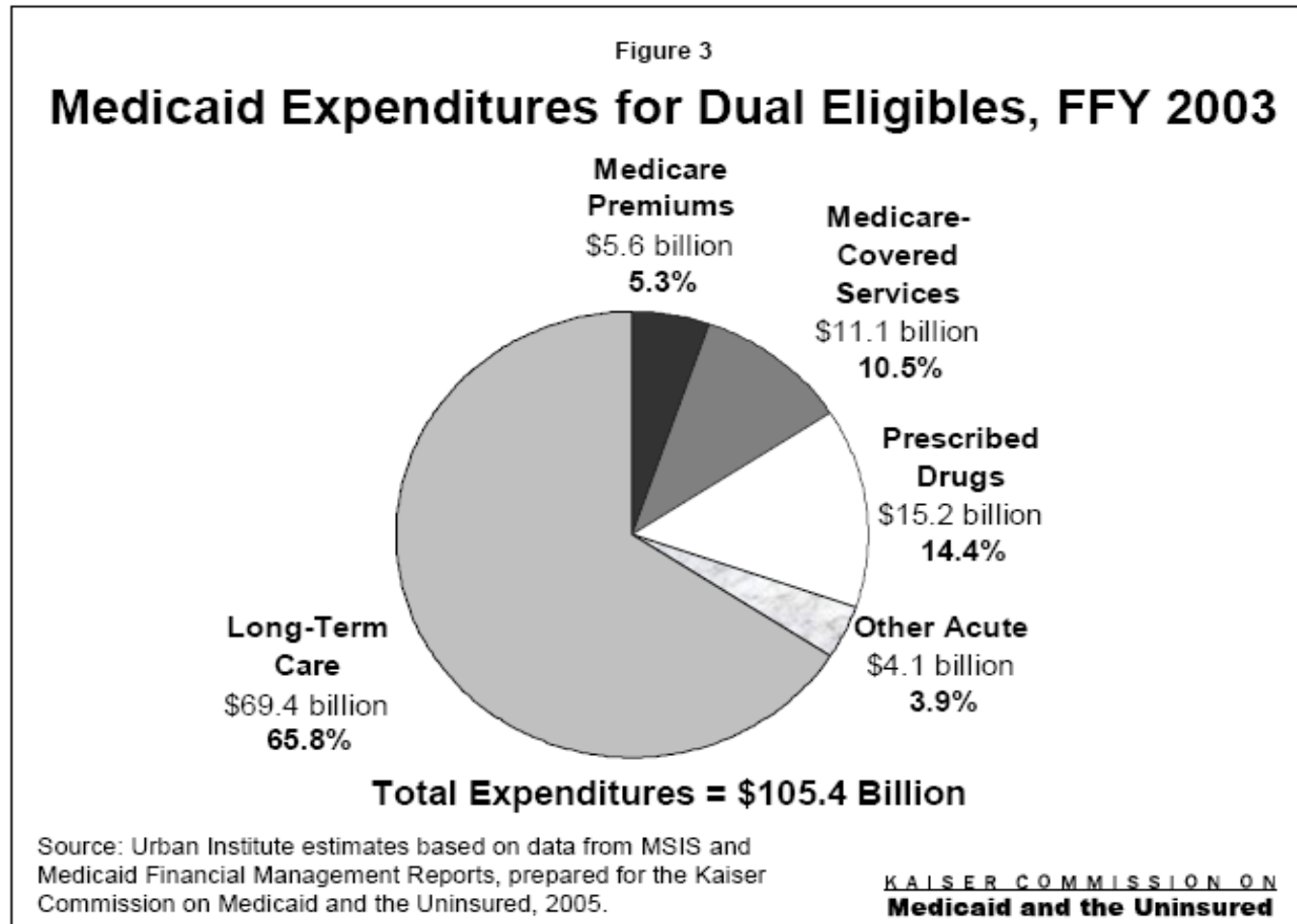
# Most of Medicaid's spending on dual eligibles is on long-term care services . . .



**... due to the lack of an extensive Medicare nursing facility benefit, compared to other Medicare benefits ...**



**... while the remainder of Medicaid spending plugs other gaps in Medicare's benefits and cost sharing.**





# Medicare decisions have a major impact on Medicaid.

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- Cost sharing levels in Medicare
- Utilization review decisions governing overlapping benefits
  - Skilled nursing
  - Home health
  - DME
  - Rx, in the aftermath of Part D
- Hospital discharges into nursing facilities
- Medicare-paid physicians order Medicaid-paid services



# Summary of Reform Proposals

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# Selected Reform Proposals

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- Enhanced state program flexibility
- De-link LTC benefits from acute benefits
- Create incentives for private financing of LTC
- Medicare-related reforms for dual eligibles



# Enhance State Program Flexibility

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- Allow “HCBS” to be approved without a waiver
  - Largely but not entirely addressed by DRA
- Allow HCBS waivers to utilize a different level of care than nursing facilities
  - Partially addressed by DRA
- Capitated managed LTC without a waiver
- Allow distinct cost sharing rules for LTC
- Allow tailoring of LTC benefits to different populations



# **De-link Medicaid's LTC benefits from the acute care benefits**

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- Allow Medicaid to offer LTC benefit array to individuals who would not be entitled to Medicaid acute care services
  - Expect these individuals to receive acute care from Medicare, employer, or retiree insurance
- Similarly allow Medicaid to offer acute benefits to people who would not have entitlement to LTC benefits



# Create incentives for private financing of LTC

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- Tax credits or deductions related to the purchase of private LTC insurance
  - Not addressed in DRA
- Remove moratorium on LTC Public/Private Partnerships
  - Addressed in DRA
- Incentivize reverse annuity mortgages
  - Not addressed in DRA



# Medicare-Related Reforms for Dual Eligibles

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- Revise “homebound” standards for Medicare home health benefit
- Earlier engagement of Medicaid at time of discharge from hospital to nursing facility
- Medicaid share in savings related to Medicare special needs plans and disease management initiatives



# Questions

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