
Implementing Coordinated Care for Dual Eligibles: Conflicts and Opportunities

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**Workshop on Effectively Integrating Care for Dual Eligibles
World Congress 7th Annual Leadership Summit on Medicaid Managed Care
February 25, 2014**

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Introduction and Overview

- **Medicare-Medicaid enrollees (dual eligibles) are the most costly population served by both Medicare and Medicaid**
- **Dual eligibles' health care and social support needs are highly diverse and complex**
- **Medicare and Medicaid cover very different services for dual eligibles**
 - Medicare covers mainly acute care (physician, hospital, Rx drugs, short-term nursing facility and home health)
 - Medicaid covers mostly long-term supports and services (LTSS)
 - Some services are covered by both programs in complex and confusing ways (nursing facility, home health, durable medical equipment, hospice)
- **Health plans whose major experience is in either Medicare or Medicaid managed care face a steep learning curve in learning enough about the other program to serve dual eligibles effectively**

Introduction and Overview *(Cont.)*

- **CMS Financial Alignment Initiative (Dual Demos)**
 - 9 states have signed Memoranda of Understanding (MOUs) with CMS (CA, IL, MA, MN, NY, OH, SC, VA, and WA)
 - 3 of these states (MA, IL, and VA) have signed three-way contracts with CMS and health plans and others are getting close
 - MOU development is underway in a number of other states
 - Capitated model (MI, RI, TX, VT)
 - Managed FFS model (CO, CT, MO)
 - Implementation scheduled to start in 2014 in most states

- **State contracts with Medicare Advantage dual eligible Special Needs Plans (D-SNPs)**
 - Provide a way for states to make progress toward Medicare-Medicaid integration outside of the dual demos
 - All D-SNPs must have state contracts, as of CY 2013
 - Contracts must contain some specific features, but states can add others (42 CFR §422.107)
 - States are not required to contract with D-SNPs

Distribution of Costs Per Dual Eligible by Type of Service, 2007

Service	Medicare	Medicaid	Combined
Inpatient Care	\$7,864	\$448	\$8,312
Ambulatory Care	2,629	1,299	3,928
Rx Drugs	2,878	83	2,961
Other Acute Care	413	1,613	2,026
SNF/NF	1,139	6,789	7,928
Home Health	928	464	1,392
HCBS and Related Care	0	3,321	3,321
TOTAL	15,850	14,018	29,868

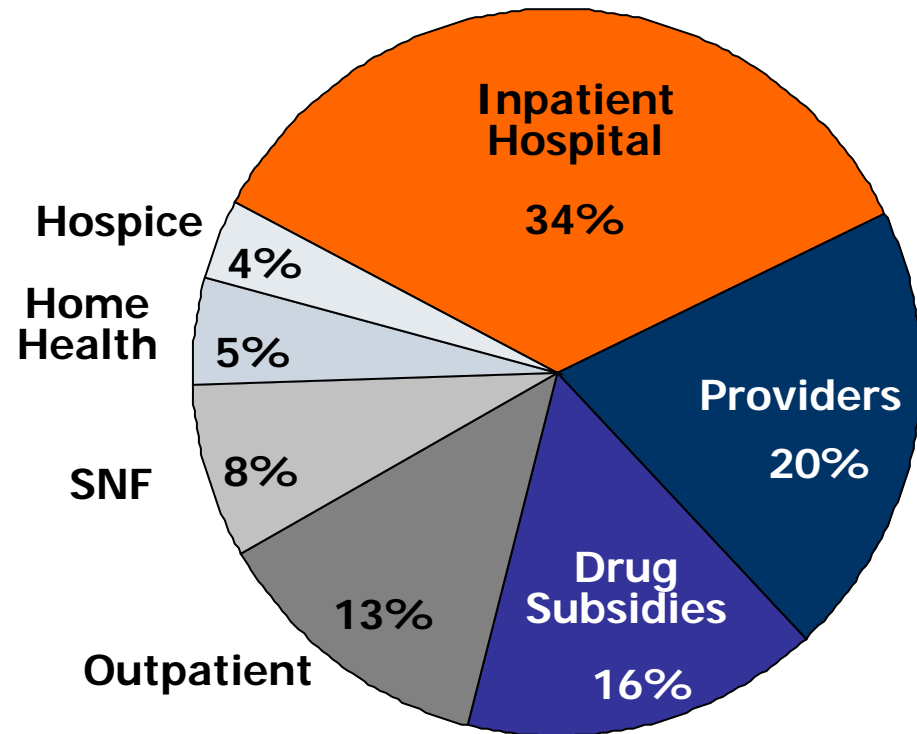
SOURCE: Teresa Coughlin, et al. "The Diversity of Dual Eligible Beneficiaries: An Examination of Services and Spending for People Eligible for Both Medicare and Medicaid." Kaiser Commission on Medicaid and the Uninsured, April 2012, Table 2, p. 12.

Distribution of Total Medicare Spending for Dual Eligibles, 2008

Medicare

- National program for individuals age 65+ and younger adults with disabilities (on SSDI)
- Eligibility tied to work history but not tied to income or health status
- Covers medical care, prescription drugs, and is the primary source of medical insurance for dual eligible beneficiaries
- Financial obligations can be steep for beneficiaries

Distribution of Medicare Spending for Dual Eligible Beneficiaries in Medicare FFS by Service, 2008



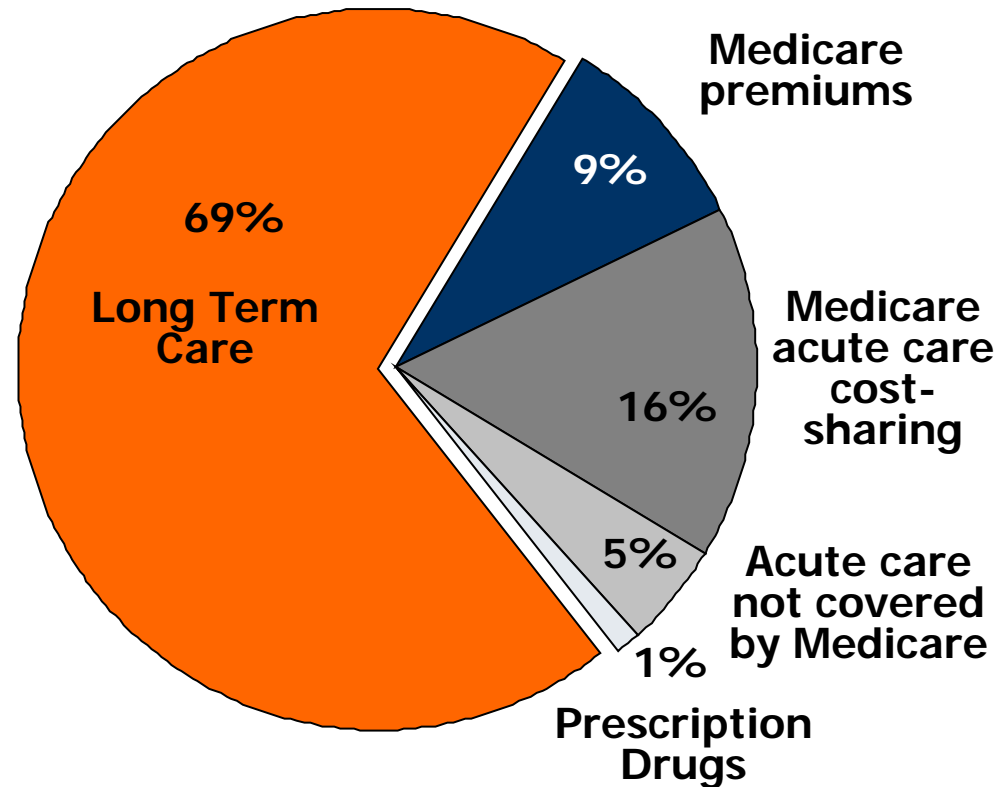
Average Per Capita Medicare FFS Spending:
\$13,805

Distribution of Total Medicaid Spending for Dual Eligibles, 2008

Medicaid

- Federal-state partnership with states operating programs for low-income families, disabled & elderly
- Eligibility tied to income, age and disability, varies by state
- Pays for Medicare premiums, cost-sharing and other benefits
- Primary payer for long-term care

Distribution of Medicaid Spending for Dual Eligible Beneficiaries by Service, 2008



Average Per Capita Medicaid Spending:
\$16,087

NOTES: Home health and dental services comprise less than 1% of Medicaid spending. Medicare premiums paid by Medicaid also includes cost-sharing for Qualified Medicare Beneficiaries only.
SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from FY2008 MSIS and CMS Form-64.

Health Plans Selected by States (as of 2/17/14)

State	Health Plans
California	Alameda Alliance, Anthem Blue Cross, Care 1 st , Care More (WellPoint/Amerigroup), Community Health Group, Health Net, Health Plan of San Mateo, Inland Empire Health Plan, Molina Health Care, Santa Clara Family Health Plan
Illinois	Aetna, BlueCross/Blue Shield, IlliniCare (Centene), Meridian, Molina, Health Alliance, HealthSpring, Humana
Massachusetts	Commonwealth Care Alliance, Fallon Total Care, Network Health
Michigan	AmeriHealth/BCBS of MI, Coventry, Fidelis SecureCare, Meridian Health Plan, Midwest Health Plan, Molina, United, Upper Peninsula Health Plan
Minnesota	Blue Plus, HealthPartners, Itasca Medical Care, Medica Health Plans, Metropolitan Health Plan, PrimeWest Health, South Country Health Alliance, UCare Minnesota

Health Plans Selected by States (Cont.)

State	Health Plans
New York	25 health plans, including Aetna, Amerigroup (WellPoint), United Healthcare, and Wellcare
Ohio	Aetna, Buckeye (Centene), CareSource, Molina, United
South Carolina	Absolute Total Care (Centene), Advicare, Molina, Select Health (AmeriHealth), WellCare
Virginia	HealthKeepers, Humana, VA Premier
Washington (capitated model)	Regence Blue Shield/Amerihealth, United

NOTE: Health plan participation in the Financial Alignment Demonstrations is subject to signing of a CMS/State/health plan three-way contract and successful completion of a comprehensive CMS/State readiness review.

SOURCES: MaryBeth Musumeci, “Financial and Administrative Alignment Demonstrations for Dual Eligible Beneficiaries Compared: States with Memoranda of Understanding Approved by CMS,” Kaiser Commission on Medicaid and the Uninsured, November 2013; Health Management Associations Weekly Roundups; state web sites.

Coordination of Care for Overlapping Benefits

- **Both Medicare and Medicaid provide coverage for home health, durable medical equipment (DME), nursing facility services, and hospice for Medicare-Medicaid enrollees**
- **Which program covers what, when, and under what circumstances is complicated and confusing for providers, beneficiaries, and payers, especially in the FFS system**
 - **Home health**
 - Medicare requires beneficiaries to be homebound, but Medicaid does not
 - Medicare consolidates provider payment into 60-day episodes of care, while most Medicaid programs pay by service or by visit
 - **DME**
 - Medicare requires DME to be used primarily in the home, while Medicaid programs generally allow broader use
 - Medicare sets state-specific fee schedules or uses competitive bidding, while Medicaid uses a variety of payment methods, with Medicare payment often used as a ceiling

Coordination of Care for Overlapping Benefits (Cont.)

- **Nursing facility services**
 - Medicare pays for short-term post-acute skilled care, while Medicaid pays for longer-term custodial care
 - Lines between the two can be difficult to draw
- **Hospice**
 - Medicare is primary payer, but Medicaid may “wrap around” if Medicaid coverage is more liberal than Medicare’s
 - Lines may be difficult to draw
 - Medicaid is required to pay for “room and board” portion of hospice costs for dual eligibles in nursing facilities, while Medicare pays other hospice costs
 - Can result in overlapping or duplicate payments for hospice services
- **Making one managed care plan responsible for both Medicare and Medicaid services provides a major opportunity for greater coordination, simplicity, and efficiency**

Coordination of Care for Overlapping Benefits (Cont.)

- **Some issues may still remain with encounter data reporting, grievances and appeals, and program integrity monitoring**
- **Forthcoming Integrated Care Resource Center (ICRC) technical assistance brief has more details on home health and DME overlaps and coordination opportunities**

Medicare Home Health and Related Medicaid Services

- **Medicare generally does not cover “non-medical” long-terms supports and services (LTSS), so dual eligibles rely heavily on Medicaid for LTSS**
 - Medicare home health coverage overlaps with Medicaid state plan home health benefit
 - Personal care assistance is a separate Medicaid state plan benefit in about two-thirds of states
 - No Medicare counterpart
 - Medicaid HCBS waivers also cover home health, personal care assistance, and other community LTSS
 - No Medicare counterpart

- **Including all these services in a single capitated benefit package offered by one managed care organization can reduce overlap, duplication, and line-drawing problems, and improve care coordination for dual eligibles**
 - Table on next slide shows use of these services (in italics) for dual eligibles in FFS in CY 2009

Use of Medicare Home Health and Related Medicaid Services by Full-Benefit Dual Eligibles, CY 2009

Selected FFS Service	Full-Benefit FFS Dual Eligible Beneficiaries Under Age 65			Full-Benefit FFS Dual-Eligible Beneficiaries Age 65 and Older		
	Percent using Services	Per user spending	Percent of total spending	Percent using service	Per user spending	Percent of total spending
Medicare Services						
Inpatient Hospital	23%	\$18,570	28%	32%	\$17,909	29%
Skilled Nursing Facility	4	15,644	4	16	16,749	13
Home Health	8	5,802	3	18	6,908	6
Other Outpatient	92	4,738	29	96	6,186	30
Medicaid Services						
Inpatient Hospital	13%	\$2,875	2%	14%	\$1,730	1%
Outpatient	90	2,762	15	85	2,152	11
Institutional LTSS	8	65,064	33	31	35,622	64
HCBS State Plan (Home Health and Personal Care Assistance)	12	8,053	6	17	11,095	11
HCBS Waiver	16	41,284	39	11	15,274	10

Competitive Bidding for Medicare Durable Medical Equipment (DME)

- **Medicaid spent \$4.6 billion on DME in 2011, and Medicare spent \$7.7 billion**
 - **Most states limit Medicaid payment for DME to the maximum Medicare would pay for the item**
 - **Medicare has historically used CMS state-specific fee schedules for DME**

- **Medicare started a competitive bidding program for DME in 2009**
 - **Gradually being expanded to more geographic areas and more items**
 - **States and health plans should consider revising/updating their DME payment schedules to take into account results of this Medicare program**
 - **For more detail on the program, including geographic areas covered, see**
 - <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/DMEPOSCompBidProg.pdf>

Medicare and Medicaid Mental Health Coverage

- **Medicare mental health coverage has historically been more limited than Medicaid coverage**
 - Inpatient psychiatric care in a free-standing psych hospital limited to 190 days in a lifetime
 - Beneficiary coinsurance for outpatient mental health services was higher than for other services (50 % vs. 20%) until 2010
 - 2008 federal law gradually phased down beneficiary share to 20% as of 2014

- **Medicare pays for some services Medicaid does not**
 - Medically necessary services in an institution for mental disease (IMD) for persons between ages 22 and 64

- **Some states exclude or “carve out” mental health services from Medicaid capitated managed care benefit packages**
 - Can present program design challenges in programs for Medicare-Medicaid enrollees, especially those under 65 who may have substantial mental health needs

Percent of FFS Dual-Eligible Beneficiaries With Selected Conditions, CY 2009

Condition	Percent of FFS dual-eligible beneficiaries	
	Under age 65	Age 65 and older
Cognitive Impairment		
Alzheimer's disease or related dementia	4%	23%
Intellectual Disabilities and Related Conditions	8	1
Medical Conditions		
Diabetes	22%	34%
Heart Failure	8	24
Hypertension	38	66
Ischemic heart disease	14	35
Behavioral Health Conditions		
Anxiety Disorders	18%	10%
Bipolar Disorder	13	2
Depression	29	19
Schizophrenia and other psychotic disorders	14	7

Medicare Skilled Care Coverage: *Jimmo* Settlement

- **January 2013 *Jimmo vs. Sebelius* settlement agreement clarified that Medicare coverage of skilled care (skilled nursing facility, home health, outpatient therapy) is not based on an “improvement standard”**
 - **Claims cannot be denied based on beneficiary’s lack of restoration or improvement potential**
- **Could affect some state or health plan decisions on whether Medicare or Medicaid should provide coverage in specific cases**
- **For more detail on settlement and its implications, see:**
 - <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/DMEPOSCompBidProg.pdf>

For More Information

- **CMS Medicare-Medicaid Coordination Office Financial Alignment Initiative web site**
 - <http://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/FinancialAlignmentInitiative/FinancialModelstoSupportStatesEffortsinCareCoordination.html>
- **CMS-Mathematica-Center for Health Care Strategies Integrated Care Resource Center (ICRC) web site**
 - <http://www.integratedcareresourcecenter.net/>
- **Medicare Payment Advisory Commission (MedPAC) and Medicaid and CHIP Payment and Access Commission (MACPAC). Data Book. “Beneficiaries Dually Eligible for Medicare and Medicaid.” December 2013**
 - http://www.medpac.gov/documents/Dec13_Duals_DataBook.pdf
- **Integrated Care Resource Center. “Medicare Basics: An Overview for States Seeking to Integrate Care for Medicare-Medicaid Enrollees.” July 2013.**
 - <http://www.integratedcareresourcecenter.com/pdfs/ICRC%20Medicare%20Basics.pdf>

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