

Medicare and Medicaid Spending on Dual Eligible Beneficiaries

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Arkadipta Ghosh James Verdier Mark Flick Ellen Singer

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Characteristics of Dual Eligibles Suggest Need for Care Coordination

- **Nine million dual eligibles account for disproportionate shares of Medicaid (46%) and Medicare (24%) expenditures (MedPAC 2010)**
 - Enrollment shares are 18% (Medicaid) and 16% (Medicare)
- **Compared to other beneficiaries, dual eligibles are more likely to live in an institution or alone and to have**
 - Higher levels of disability
 - Physical or cognitive impairments
 - Lower education levels and income
- **Health care for dual eligibles is highly fragmented with a need for effective care coordination across providers**

Analysis of Service Use and Expenditures with Newly Linked Medicaid and Medicare Data Files

- **CMS/ORDI linked Medicaid Analytic eXtract (MAX) person summary files with Beneficiary Annual Summary Files (BASf) for all 9 million dual eligibles in 2005**
 - Provide Medicaid and Medicare service use and expenditure data for all dual eligibles, by state
 - BASf includes 21 diagnoses from CMS Chronic Condition Warehouse (CCW)
- **Mathematica analyzed service use and expenditures of dual eligibles (all and key subgroups) for MedPAC**
- **Results included in Chapter 5: “Coordinating the care of dual eligible beneficiaries” in MedPAC’s June 2010 Report to Congress (*Aligning Incentives in Medicare*)**

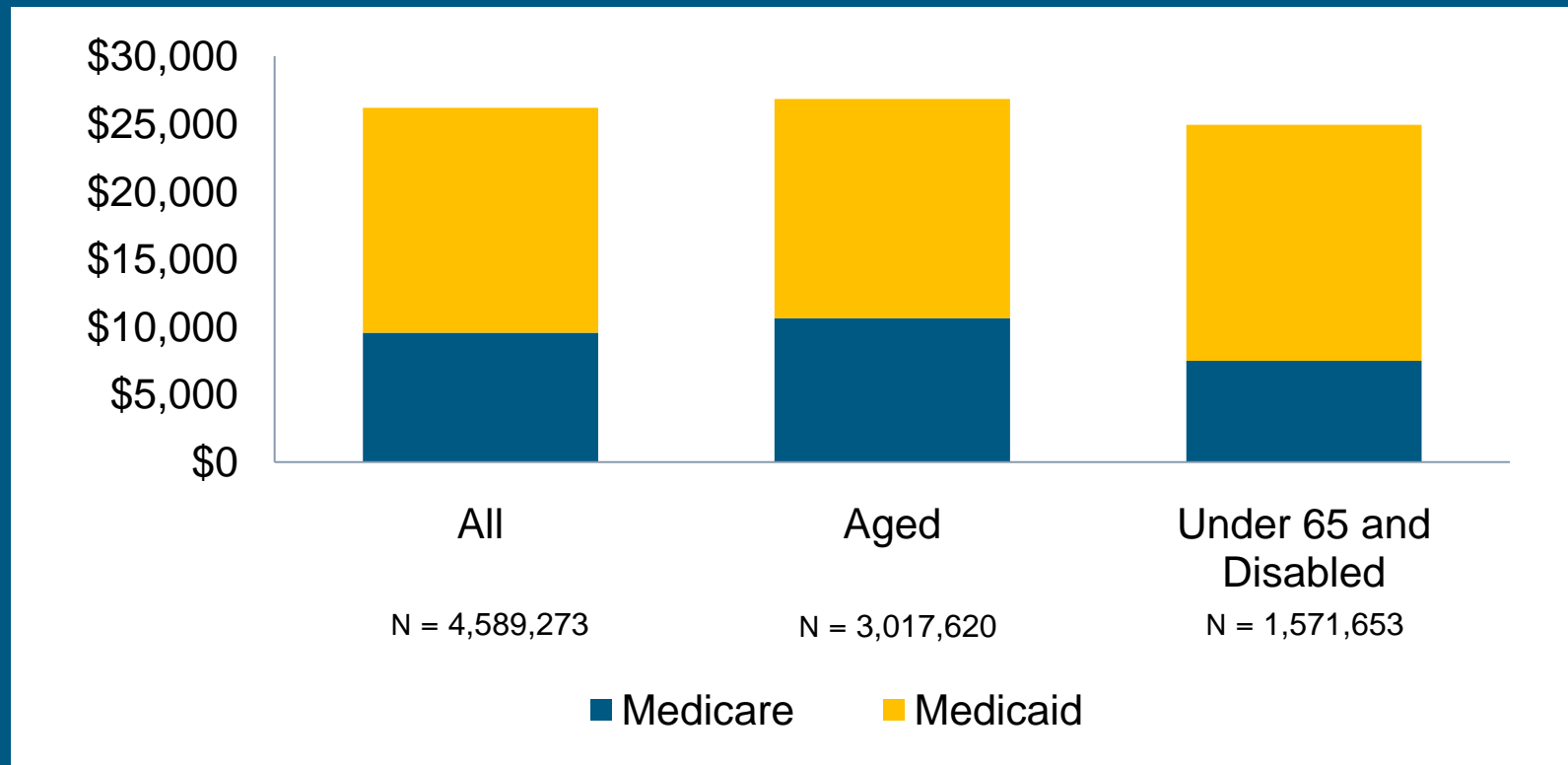
Focus on All-Year Full Duals (AYFDs)

- **AYFDs represent about half (4.6 million) of the 9 million duals in 2005**
 - Medicaid does not reimburse many services used by partial duals
 - Monthly data on expenditures in the linked dataset not available
- **Inclusion/exclusion criteria**
 - Include full duals enrolled for all 12 months of 2005 or enrolled from January through their date of death (about 6 million included)
 - Exclude:
 - Maine duals due to incomplete Medicaid data (63,377 excluded)
 - Duals in Medicare Advantage or Medicaid managed care plans (1,197,195)
 - Duals with end-stage renal disease (96,797)
 - Beneficiaries with negative or outlier expenditure values (51,904)

Findings Presented in a Comprehensive Set of Tables

- **State-by-state and national tables with Medicare and Medicaid annual expenditures per AYFD beneficiary by type of service**
- **Separate service use and expenditure tables for beneficiaries with each of the 21 chronic conditions and for enrollees with various numbers of chronic conditions (from 1 to 5 or more)**
- **Focus on main findings that are also highlighted in MedPAC's Report to Congress**

Dual Eligibles Aged 65 or Older Had Higher Per Capita Spending in 2005, Driven by Higher Medicare Spending



Source: Mathematica Policy Research, prepared for MedPAC using CMS merged Medicaid MAX and Medicare summary BASF files.

Note: Analysis includes all AYFD beneficiaries in 2005.

Per Capita Spending Varies by Nursing Home Use

	All enrollees	Enrollees with no nursing home spending	Enrollees in the top quintile of nursing home spending (among users)
All	\$26,185	\$19,171	\$75,469
Number of all-year full duals	4,589,273	3,697,718	179,100
Aged	\$26,841	\$16,916	\$74,439
Number of all-year full duals	3,017,620	2,212,471	160,462
Under 65 and disabled	\$24,924	\$22,530	\$84,339
Number of all-year full duals	1,571,653	1,485,247	18,638

- **Total per capita spending is nearly four times as large among enrollees in the top quintile of nursing home use compared with spending among nonusers**

Identify Subgroups of Duals Using CCW Chronic Condition Indicators

- **BASF contains indicators for 21 CCW diagnoses, such as heart failure, diabetes, and Alzheimer's**
- **Limitations of the CCW**
 - **Developed for an elderly population**
 - **Prevalence of behavioral health conditions among the under-65 and disabled group likely to be underreported**
- **Care coordination needs are likely greater for dual eligibles with cognitive impairments**
 - **Use CCW indicator for Alzheimer's/dementia as a marker for cognitive impairment**

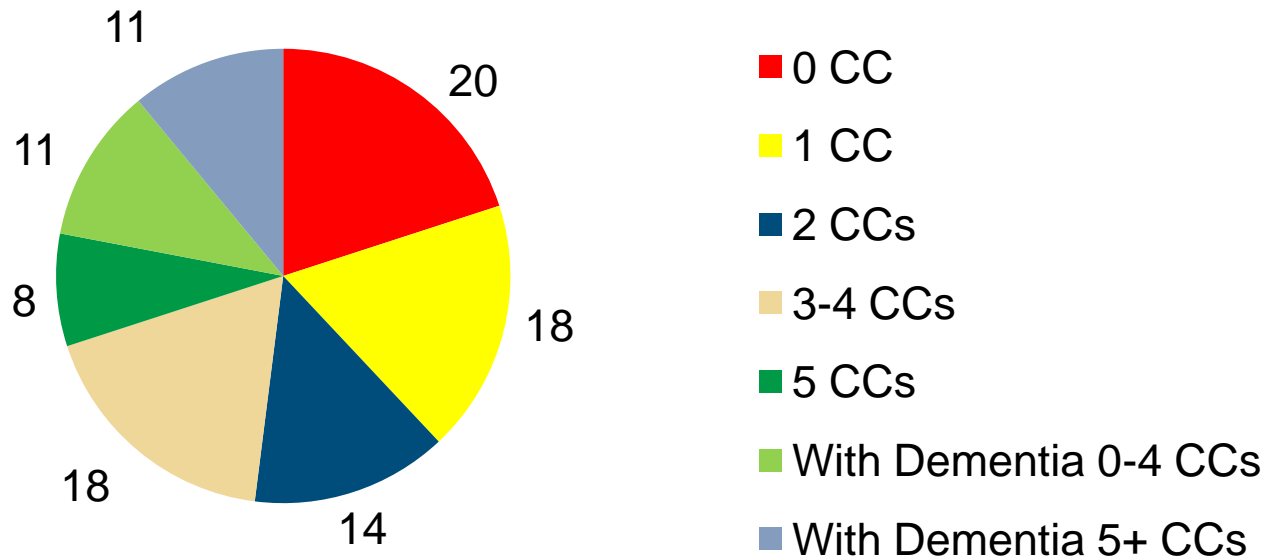
Prevalence of Most Frequent Chronic Conditions Vary Among the Aged and the Under 65 and Disabled

Chronic Condition	Aged	Under 65 and Disabled
Ischemic heart disease	43%	17%
Diabetes	36%	23%
Heart failure	33%	11%
Rheumatoid arthritis/osteoarthritis	31%	13%
Alzheimer's and related conditions	30%	5%
Chronic obstructive pulmonary disease	18%	10%
Depression	18%	28%

Source: Mathematica Policy Research, prepared for MedPAC using CMS merged MAX and Medicare summary spending files, 2005.

Note: Percentages are shares of all AYFD beneficiaries in 2005.

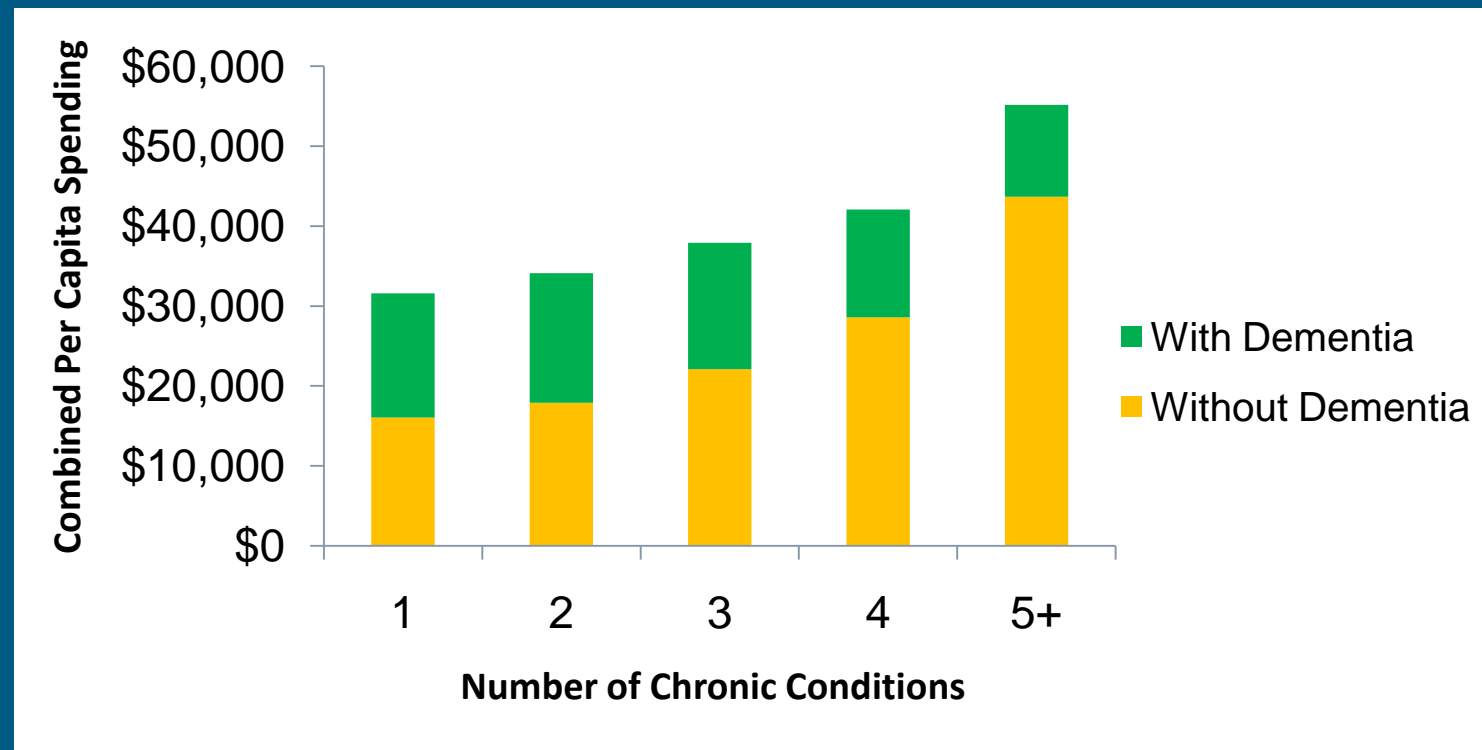
Majority of Dual Eligibles Have 0-2 Chronic Conditions Without Dementia



Source: Mathematica Policy Research, prepared for MedPAC using CMS merged MAX and Medicare summary spending files, 2005.

Note: Percentages are shares of all AYFD beneficiaries in 2005.

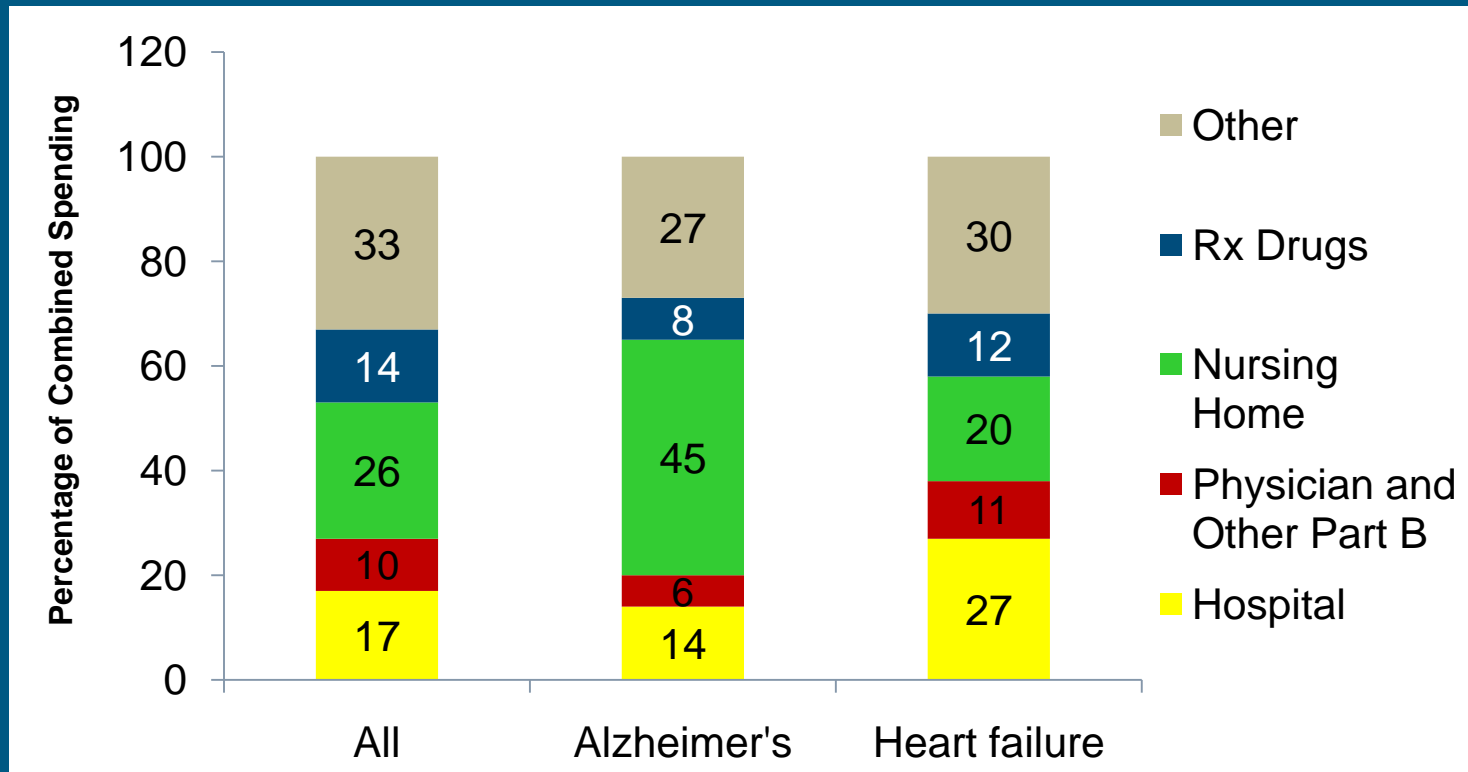
Combined Per Capita Spending Increases with Dementia and Number of Chronic Conditions



Source: Mathematica Policy Research, prepared for MedPAC using CMS merged MAX and Medicare summary spending files, 2005.

Note: Analysis includes all AYFD beneficiaries in 2005.

Service Mix Varies by Chronic Condition



Source: Mathematica Policy Research, prepared for MedPAC using CMS merged MAX and Medicare summary spending files, 2005.

Note: Analysis includes all AYFD beneficiaries in 2005.

Next Steps in Mathematica's Work for MedPAC

- **Analyze service use and expenditures in 2006 and examine changes over time**
- **Learn more about state programs that integrate and coordinate care for dual eligibles**
 - **Interviews and site visits by Mathematica and MedPAC staff**

Other Possible Analyses Using Linked Data Set for Dual Eligibles

- **Implications of the movement of prescription drug expenditure under Part D from Medicaid to Medicare in 2006**
- **Approaches that target subgroups of dual eligibles (under-65 disabled versus age 65 and over, nursing facility users versus community residents) with different types of physical and behavioral health care needs**

For More Information

- **Please contact:**

James Verdier

Email: JVerdier@mathematica-mpr.com

Phone: 202-484-4520

Arkadipta Ghosh

Email: AGhosh@mathematica-mpr.com

Phone: 609-750-2008

- **Reference:**

Chapter 5: “Coordinating the care of dual eligible beneficiaries.” In Medicare Payment Advisory Commission. *Aligning Incentives in Medicare*. Report to the Congress. Washington, DC: MedPAC. June 15, 2010.