

Integrated Care: A New Beginning or the Beginning of the End?

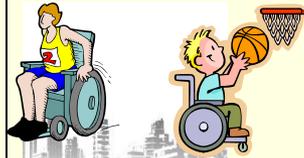
Bob Applebaum

**Scripps Gerontology Center
Miami University
March 2016**

The Problem

- Duals are 21 percent of Medicare and 15 percent of Medicaid populations
- Health and long-term care costs for duals account for 36 percent of Medicare and 39 percent of Medicaid spending
- Medicare and Medicaid are criticized for misaligned financial incentives that lead to cost shifting and bad quality
- What can previous experiences tell us about the new demonstrations?

Motivation: The State Picture



Aged Blind & Disabled
22%



70%



Families, Women & Children
78%



30%

Source: Health Policy Institute of Ohio. Ohio Medicaid basics 2009

Motivation: Ohio's Challenges:

- Today Ohio has 305,000 individuals of all ages with severe disability and 122,000 (40%) receive LTC services through Medicaid
- Today **24%** of state budget is Medicaid— 36% goes to LTC
- By 2040, 600,000 with severe disability and 237,000 projected to receive Medicaid LTC services
- By 2040 more than **50%** of state budget could be Medicaid with more than 60% going to LTC
- OHT Estimates 182,000 Ohioans are dual eligible (90,000 receive long-term care services through Medicaid)
- CMS says 115,000 duals eligible for demo

Proposed Benefits of Integration

- Proponents argue that integrated programs will:
 - Reduce costs: States do not have much incentive to reduce spending on acute care. Feds pays less attention to Medicaid
 - Make services more cohesive: Medicaid and Medicare providers do not communicate, causing poor transitions between settings
 - Reduce confusion: Demonstrations to simplify the process of receiving healthcare by providing a single set of comprehensive benefits

Profile of Those Who Are Dual Eligible

- Over 9 million people are dually eligible
- Because they typically have greater health needs, duals tend to use more services and are more likely to be institutionalized
- Diversity among duals, makes services coverage and setting capitation rates for managed care organizations challenging
- Age: Some qualify for Medicare because they are aged 65, but about 25% are under age 65
- Functional Status: 25.1% of duals report limitations in three or more ADLs, but the majority do not report such limitations

State Initiatives Differ

- Enrollment process -- Some states will passively enroll with the option for them to opt out, others will allow beneficiaries to actively enroll.
- Target population -- Some will enroll all dual eligible into managed care plans, but others will restrict the population by other criteria such as age, or diagnosis
- Geographic area -- Most states are pursuing state demos, but others are restricting enrollment to specific areas.
- Financing -- Most states will pursue a capitated model, but others will test a managed fee-for-service

Research Results: Limited

- The Wisconsin Family Care evaluation showed modest cost savings for managed care enrollees, with the average per member per month capitation rate \$452 lower than the comparison groups.
- The evaluation of Minnesota Senior Health Options showed higher costs for the managed care group. Similarly, evaluations that measured quality had mixed results.
- Most evaluations had no statistically significant difference in hospitalization, ER use, or mortality. The evaluations also displayed conflicting results for nursing home utilization.
- The evaluation of Mass Health revealed that the Mass Health group spent less time in nursing facilities than the group not receiving managed care, but the evaluation of Minnesota Senior Health options showed no difference in the length of long term nursing home stays.

Integrated Care Demonstration in Ohio MyCare

- DOM and CMS have agreed to a 3, now 4 year demonstration with evaluation (60% of state)
- All older persons and individuals with disability will be required to enroll in Medicaid
- Medicare enrollment remain individual choice
- 2 plan choices in each region, 3 in Cleveland
- AAA's will continue to manage PASSPORT participants during demo period
- NF and AL providers in place during demo

Ohio ICDS Demonstration cont.

- Many unanswered questions both about the final intervention and outcomes
- Ongoing roles of AAA ,NF, AL unclear
- Don't know about Medicare preferences— Looks like around 50-60%
- Unclear whether quality of care integration can be achieved
- Can Managed care providers understand the culture of long-term care
- Will this save money for Medicaid, Medicare?

**LTCSS as Proportion of Total Medicaid Per-Member,
Per-Month Exp. For Ohio's Population Using LTCSS by
Age Group, 2010**

<u>Type of Facility or Program</u> <u>Acute care /Total cost</u>	LTCSS as % of Total PMPM Under 65	Total Medicaid PMPM Under 65	LTCSS as % of Total PMPM 65 +	Total Medicaid PMPM 65 +
<u>Nursing Facility</u>	72.6%	\$6,555	92.5%	\$4,430
<u>PASSPORT</u>	41.4%	\$2,368	69.5%	\$1,550
<u>Ohio Home Care</u>	46.6%	\$4574	—	—
<u>Assisted Living</u>	62.8%	\$2,680	86.3%	\$1,730
<u>Aging Carve-Out</u>	53.9%	\$4,173	65.4%	\$3,814
<u>PACE</u>	—	\$3,083*	—	\$2,437*
<u>Choices</u>	60.5%	\$2,775	79.8%	\$1,857

Lesson From the Previous Generation

- Leutz (1999) review of previous integration efforts:
 - Integration cost before it pays
 - Can't integrate square peg in a round hole
 - One who integrate calls the tune

The Challenges

- Ohio data indicates that older people with high levels of disability spend a lot of Medicaid dollars but not much Medicare. If duals don't end up in the same Medicare program very hard to save money
- Acute care is from Mars and long-term services is from Venus. This clash of cultures is real and impacts success.
- An ever complex managed care entity could easily move the consumer experience to less empowerment

Issues for “Duals” Approach

- Strategy is Medicaid driven, but most older people who live in community are not on Medicaid 10% community, but 60%+ in NF
- Does not do anything to keep elders from becoming Medicaid recipients
- Could even incentivize Health Plans to get more folks on Medicaid to maximize waivers
- Even if we make Medicaid a bit more efficient, we still have big problems

Contact info

- Bob Applebaum Applebra@miamioh.edu
- Scrippsaging.org (Scripps web site)