The Next Steps in Policy Towards Dual Eligibles

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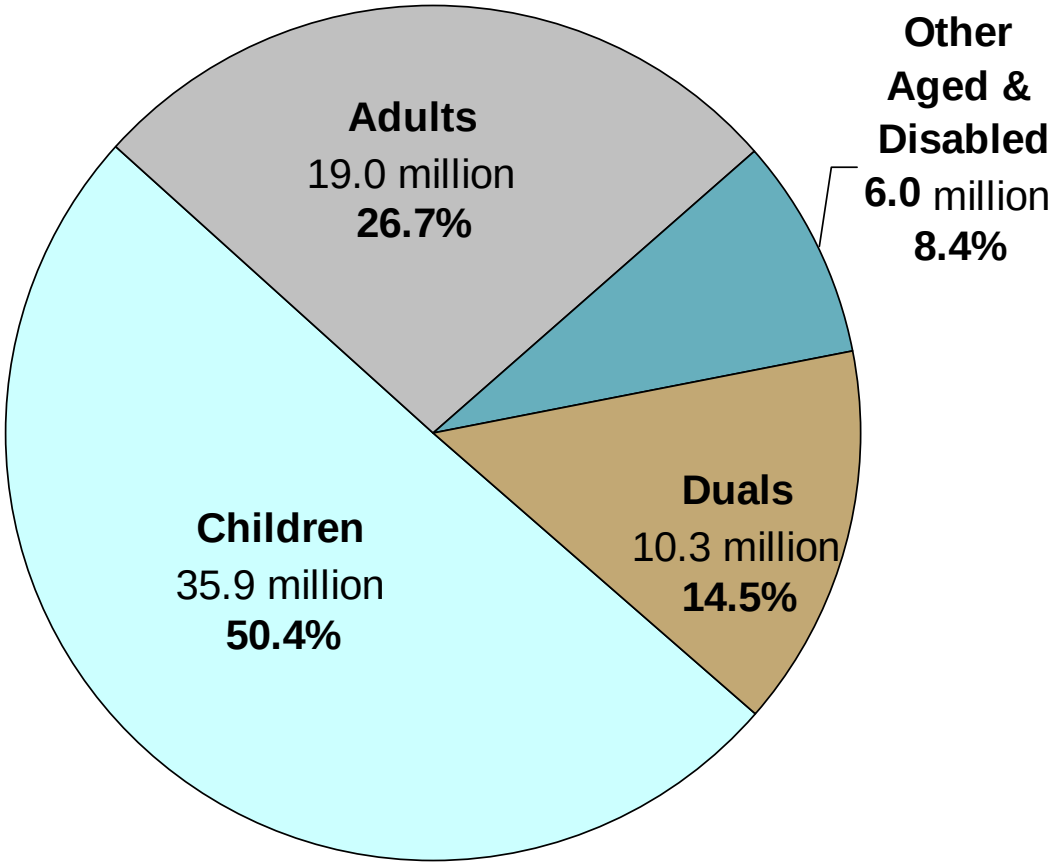
Medicaid Enrollment, FFY 2010

(Estimated)



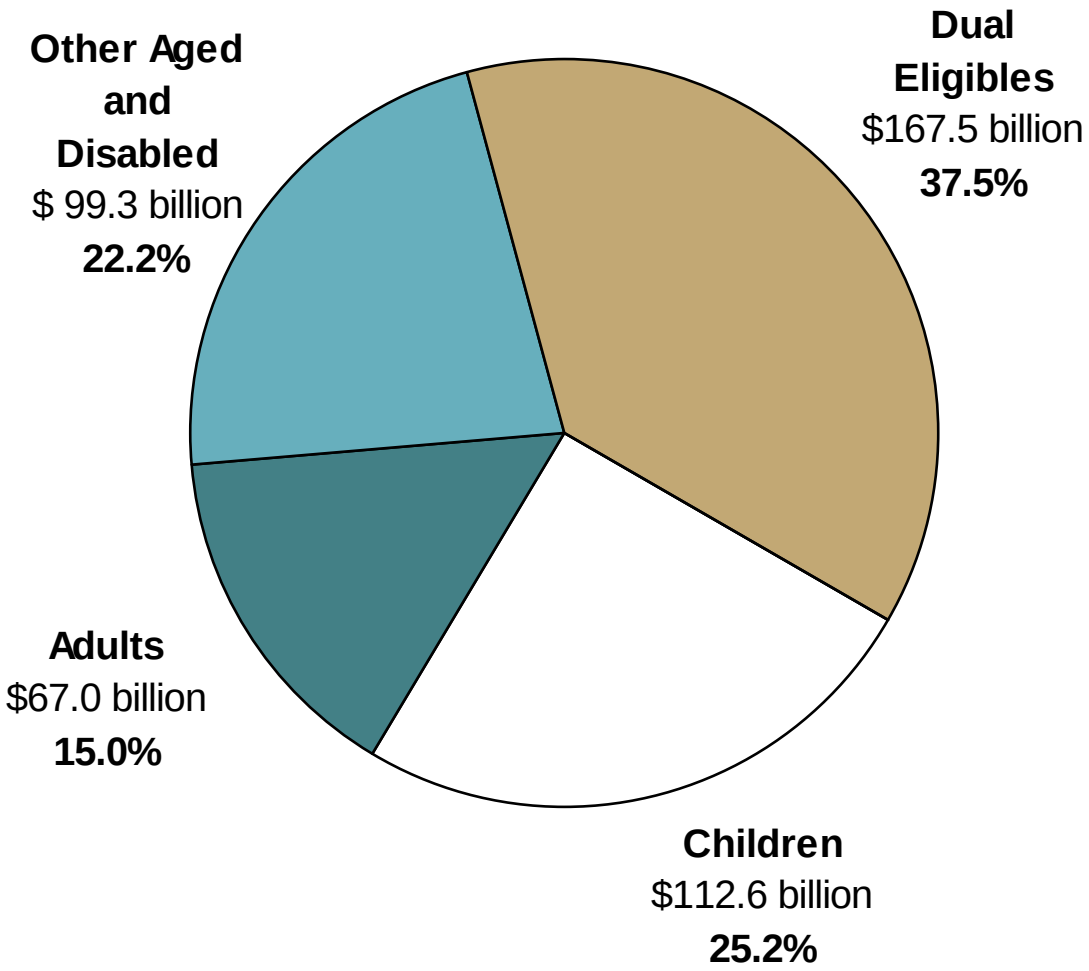
Total Enrollment = 71.2 million

(average monthly enrollment is 57.6 million)

SOURCE: Urban Institute estimates based on Congressional Budget Office (CBO) March 2010 Baseline: Medicaid. CBO estimates average monthly enrollment to be 57.6 million. The split between dual eligibles and other aged and disabled is based on the Medicaid Statistical Information System.

Medicaid Spending by Group, Services Only, FFY 2010

(Estimated)

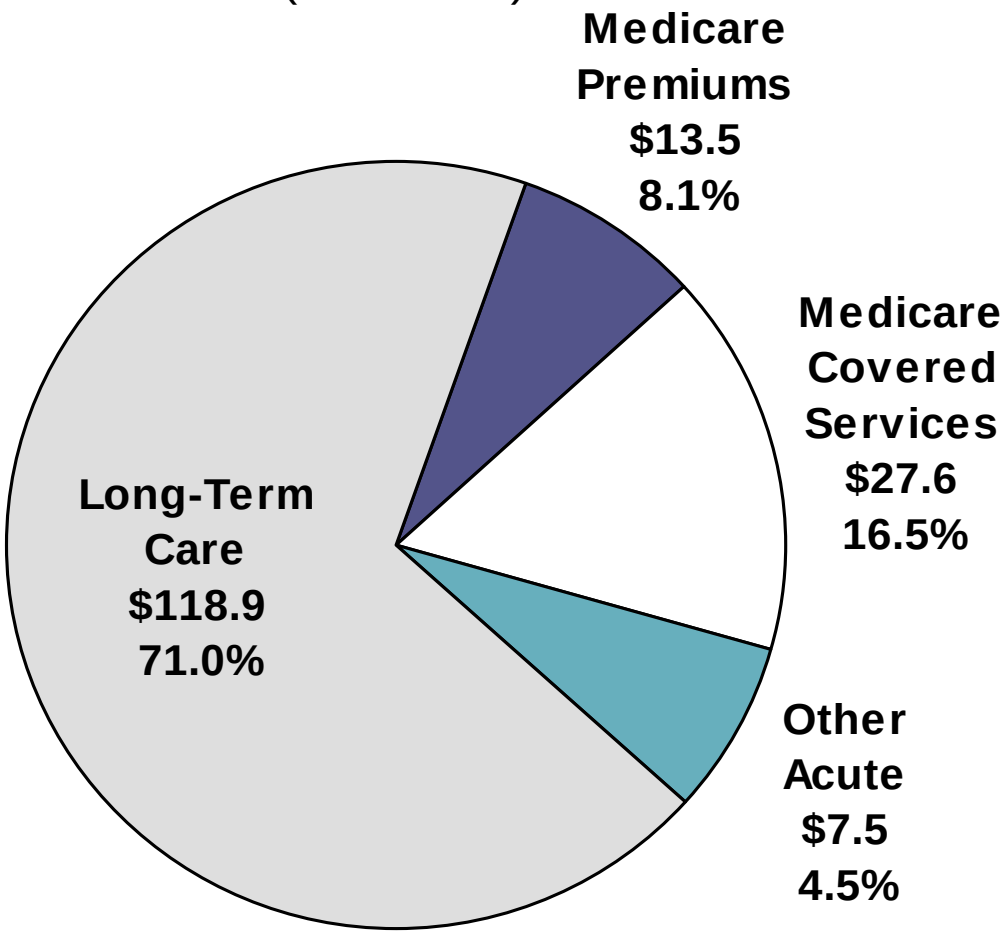


Total Spending = $ 446.3 billion

SOURCE: Urban Institute estimates based on Congressional Budget Office (CBO) March 2010 Baseline: Medicaid. The split between dual eligibles and other aged and disabled is based on the Medicaid Statistical Information System.

Medicaid Expenditures for Dual Eligibles, FFY 2010

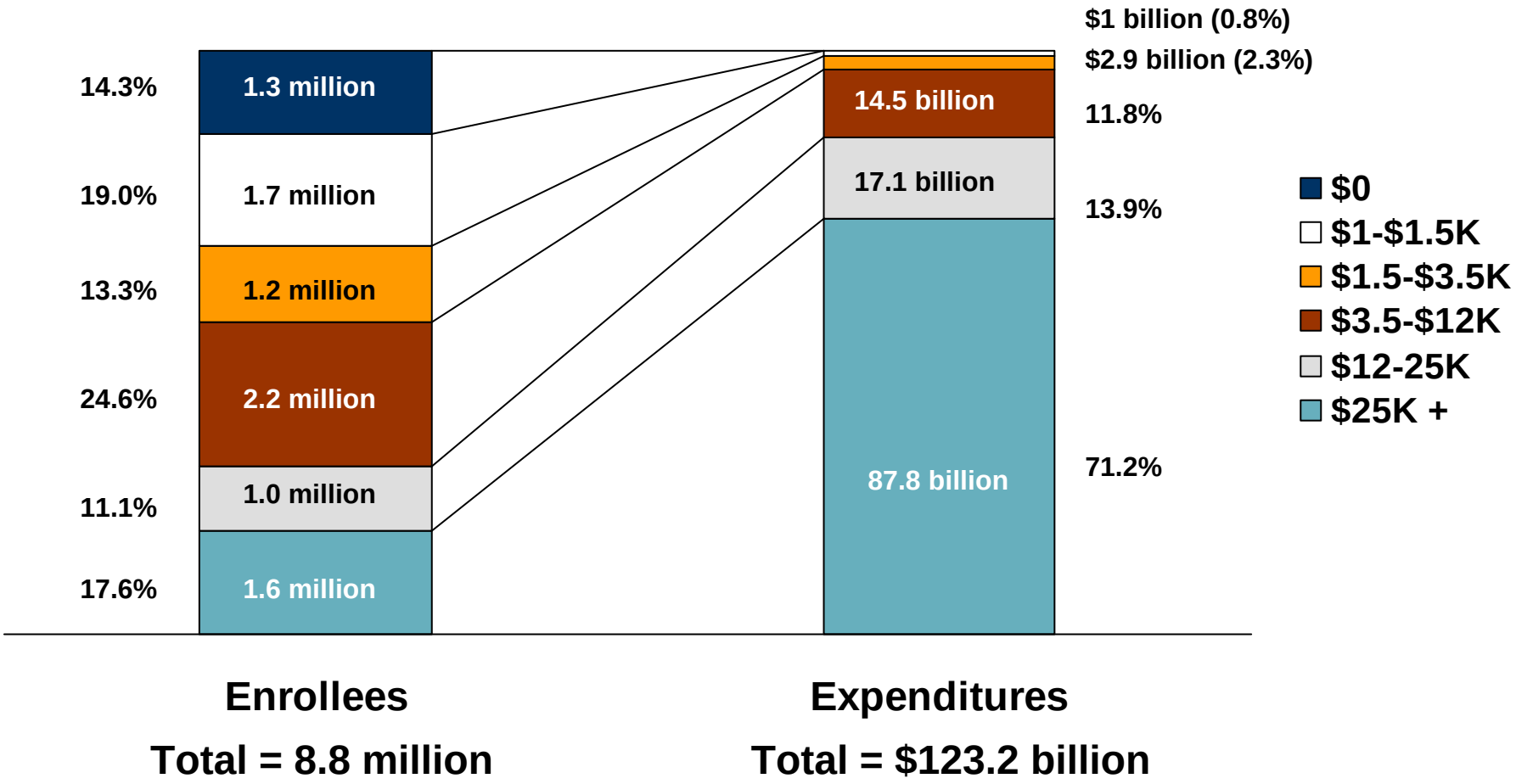
(Estimated)



Total Spending = $ 167.5 billion

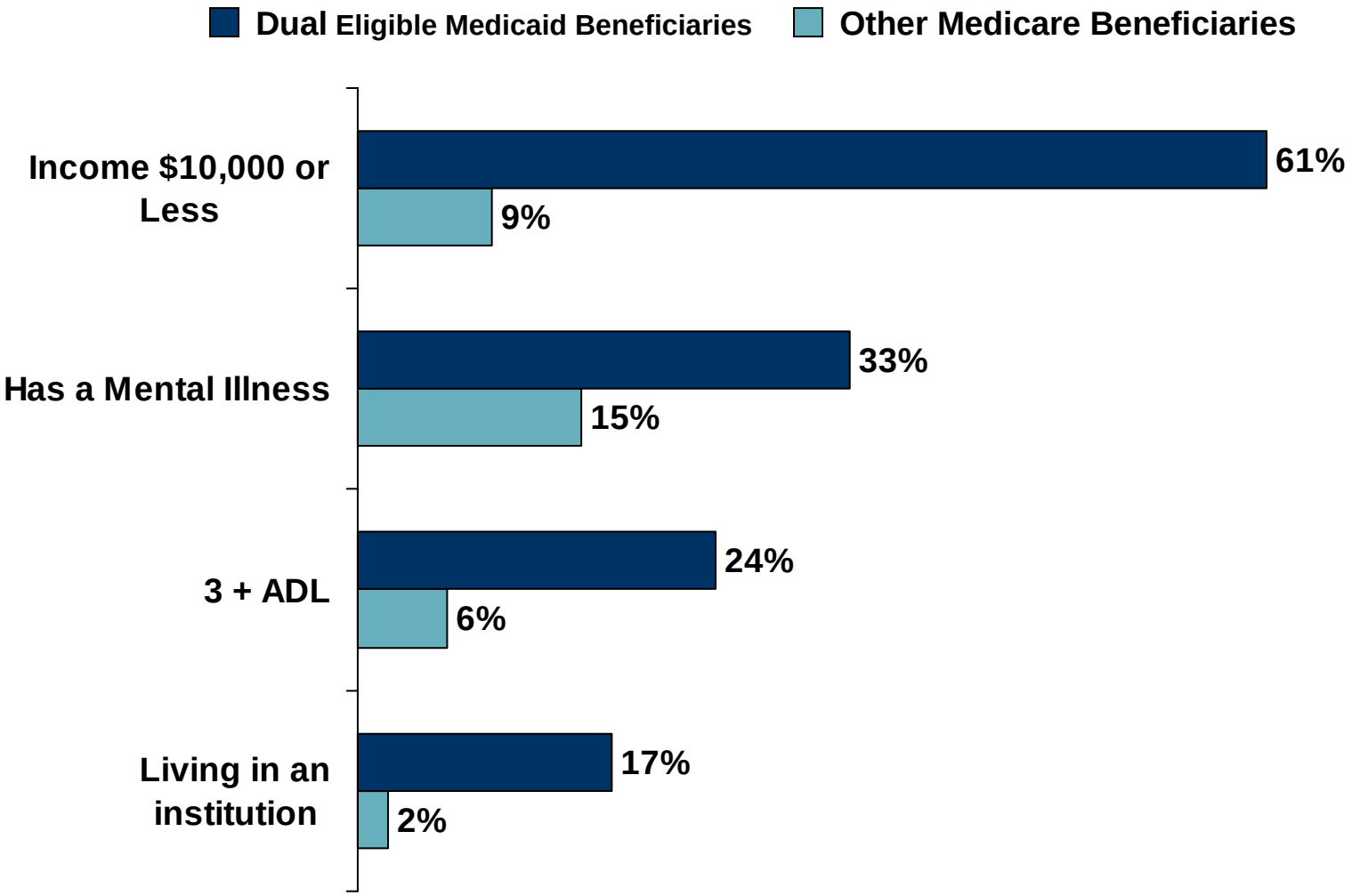
SOURCE: Urban Institute estimates based on data from MSIS and CMS Form 64 and the 2005 distribution of spending of services for the Congressional Budget Office (CBO) March 2010 Medicaid Baseline.

Dual Eligible Enrollment and Spending by Per Enrollee Spending Levels, FFY 2005



Source: Urban Institute estimates based on data from MSIS and CMS Form 64, prepared for the Kaiser Commission on Medicaid and the Uninsured, 2008.

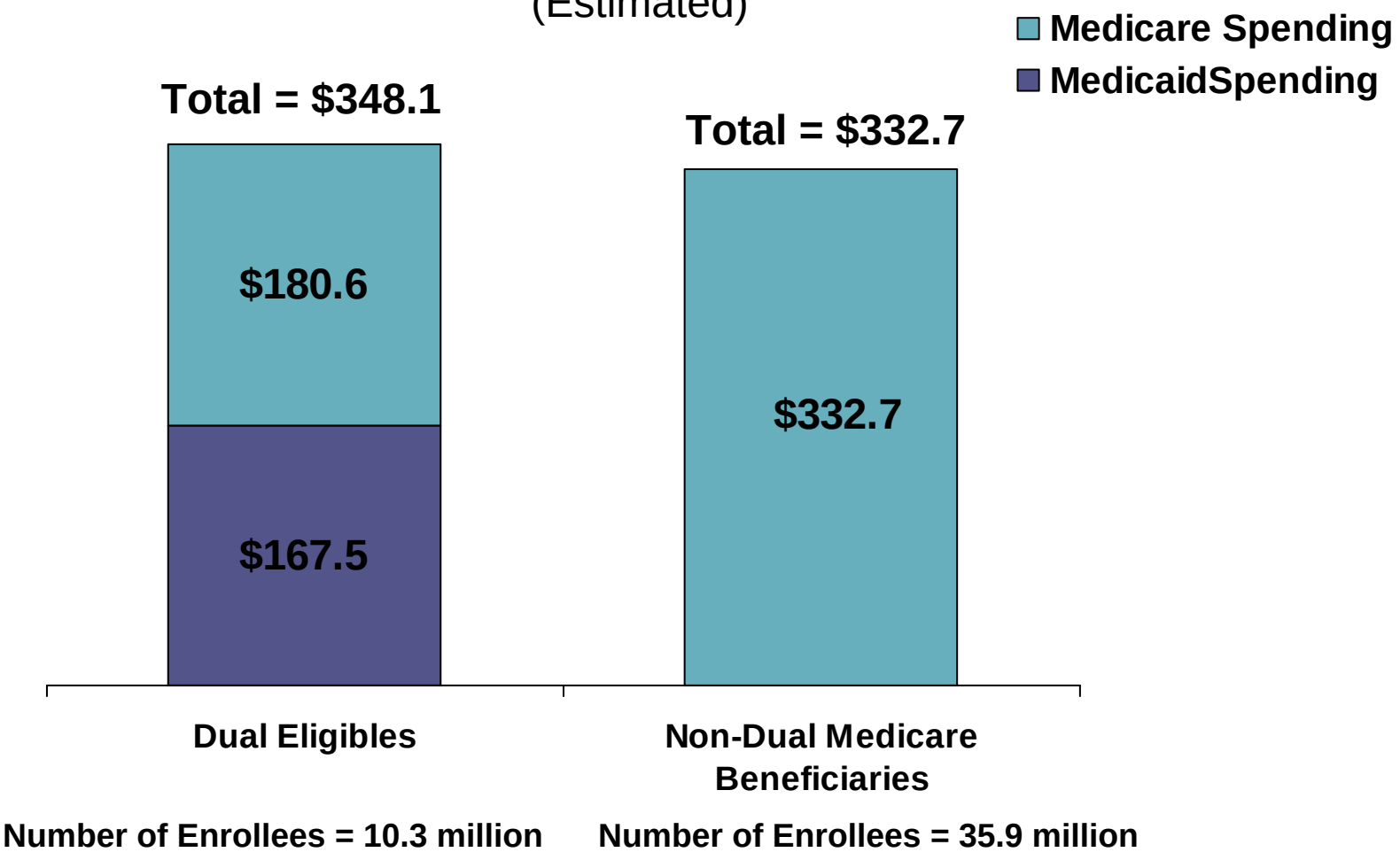
Comparison of Dual Eligible and Other Medicare Beneficiaries, 2003



SOURCE: Kaiser and Urban Institute analysis of MSIS-MCBS 2003 linked file.

Total Medicare and Medicaid Spending for Dual Eligibles and Other Medicare Beneficiaries, 2010

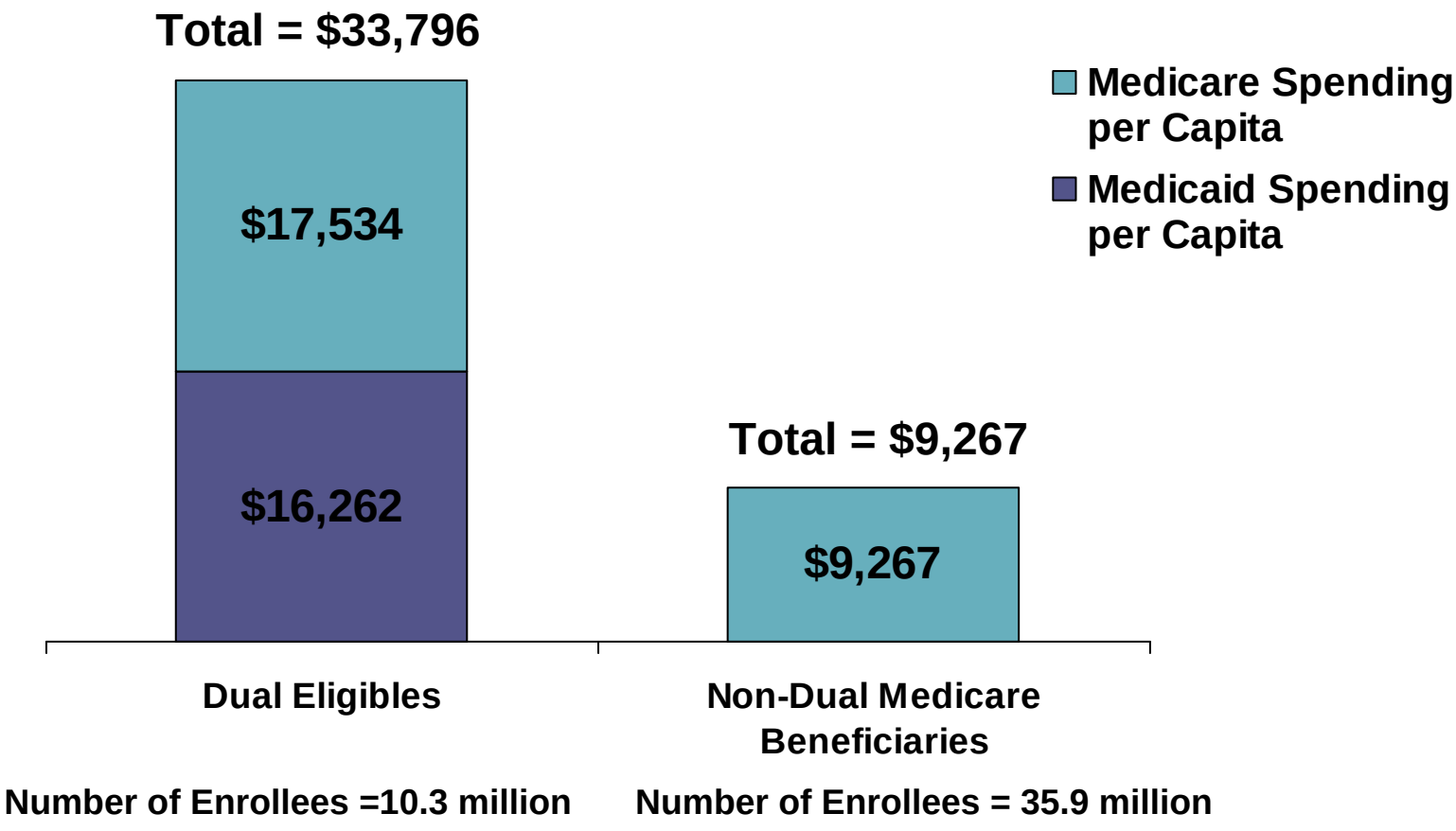
(Estimated)



SOURCE: Kaiser and Urban Institute analysis of MSIS-MCBS 2003 linked file, projected to 2010 using the CBO March 2010 Medicaid baseline and the CBO March 2009 Medicare baselines.

Medicare and Medicaid Spending Per Capita, 2010

(Estimated)



SOURCE: Kaiser and Urban Institute analysis of MSIS-MCBS 2003 linked file, projected to 2010 using the CBO March 2010 Medicaid baseline and the CBO March 2009 Medicare baselines.

Potential Savings from Chronic Care Management of Dual Eligibles

Medicaid and Medicare spending on dual eligibles

2010	**$348.1 billion**
2010-2019	**$4,652 trillion**
Savings of 5%	**$233 billion**
Savings of 10%	**$465 billion**

Evidence from Medical Home Interventions for Medicare and High Cost Population

Interventions for Medicare and high cost population

1) Geisinger Health System – 14% reduction in hospital admissions and 9% reduction in medical costs
2) Intermountain Health Care – 10% reduction in hospitalizations, $1,560 annual savings among highest risk patient
3) Johns Hopkins Guided Care – 24% reduction in hospital days, 15% fewer ER visits, net Medicare savings of $75,000 per Guided Care nurse
4) Erie County PCMH – lower hospitalization rates for dual eligibles with chronic disabilities, savings of $1,000 per enrollee

SOURCE: Kevin Grumbach, MD, Thomas Bodenheimer, MD MPH and Paul Grundy MD, MPH, "The Outcomes of Implementing Patient-Centered Medical Home Interventions: A Review of the Evidence on Quality, Access and Costs from Recent Prospective Evaluation Studies," Washington, D.C., Patient-Centered Primary Care Collaborative, August 2009.

Obstacles

- Institution Building - How widely can these models be replicated?
- Capitation – How are rates established; who receives payment and manages risk
- Shared savings – How are targets set; who receives payment; how are savings shared
- Breadth of services is greater – most managed care plans don’t manage LTC
- Medicare – Medicaid coordination must be improved

Dual Eligibles Should Be A Federal Responsibility

- Would lose state innovation
- But one level of government should be responsible; would receive 100% of benefits from investments
- Full shift has large budget implications for federal government
- Feds could absorb Medicare premiums and cost sharing
- States would pay current share for long term care; would help administer and oversee capitated plans; would receive state share of LTC savings
- Feds would get 100% of savings on acute care and current match on savings on long term care

Fiscal Effects of Hypothetical Medicaid Reform Options in FFY 2010 Dollars

Option	Reduction in State Medicaid Spending (in billions)	Percentage Decrease in State Spending For… Dual Eligibles	Percentage Decrease in State Spending For… All Medicaid Enrollees	Percentage Increase in Federal Spending For… Dual Eligibles	Percentage Increase in Federal Spending For… All Medicaid Enrollees
Medicare premiums	$5.8	-8.1%	-3.0%	6.1%	2.3%
Medicare-covered services*	$11.9	-16.5%	-6.2%	12.5%	4.7%
Other acute care services**	$3.2	-4.4%	-1.7%	3.4%	1.3%
Long-term care	$51.1	-71.0%	-26.6%	53.5%	20.1%
All of the above	$72.0	-100.0%	-37.5%	75.4%	28.3%

Source: Urban Institute estimates based on data from MSIS and CMS Form 64.
•Acute care services that Medicare may already cover in whole or part.
•** Entire table excludes prescription drugs.