Current Dual Eligibles Initiatives

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Washington, DC
October 7, 2011

THE KAISER COMMISSION ON Medicaid and the Uninsured

FIGURE 1

The Kaiser Family Foundation and the Kaiser Commission on Medicaid and the Uninsured

- The Kaiser Family Foundation is a non-profit private operating foundation dedicated to filling the need for trusted, independent information on the biggest health issues facing our nation and its people.

- The Kaiser Commission on Medicaid and the Uninsured provides information and analysis on health care coverage and access for the low-income population, with a special focus on Medicaid's role and coverage of the uninsured.

FIGURE 2

Presentation Overview

- Who are the dual eligibles?
- Why is there an increased focus on dual eligibles?
- Overview of 15 state design contracts funded by CMS
- Other current initiatives related to dual eligibles

FIGURE 3

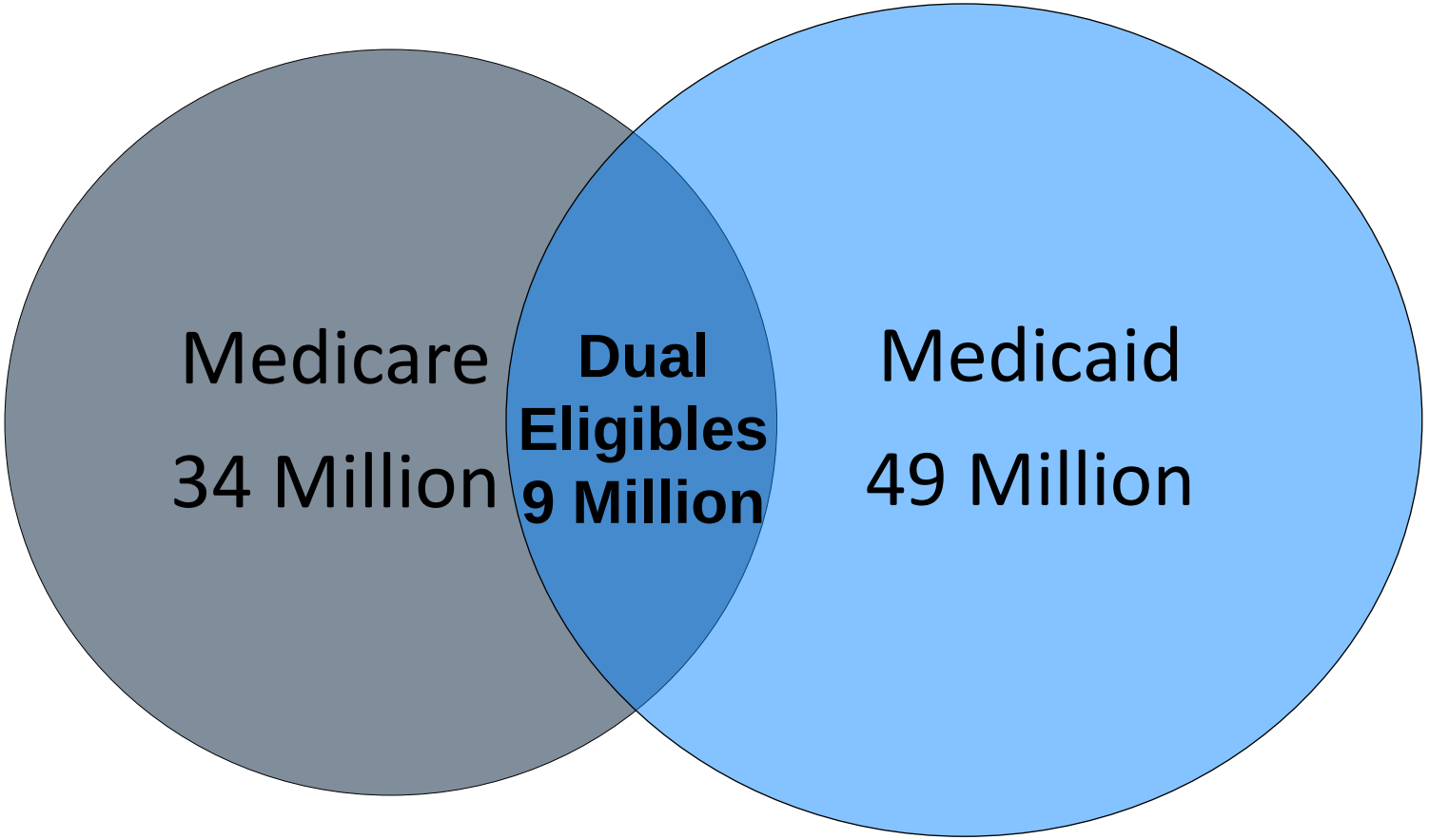
Dual Eligibles Receive Both Medicare and Medicaid

- Medicare eligibility is based on age (usually those aged 65 and over), disability (usually qualifying for Social Security Disability Insurance after a waiting period), or a diagnosis of End-Stage Renal Disease or ALS.

- Medicaid eligibility is generally based on low-income status, disability status along with somewhat higher income limits, or high medical or long-term care expenses relative to income.

FIGURE 4

9 Million Dual Eligibles are Covered by Both Medicare and Medicaid



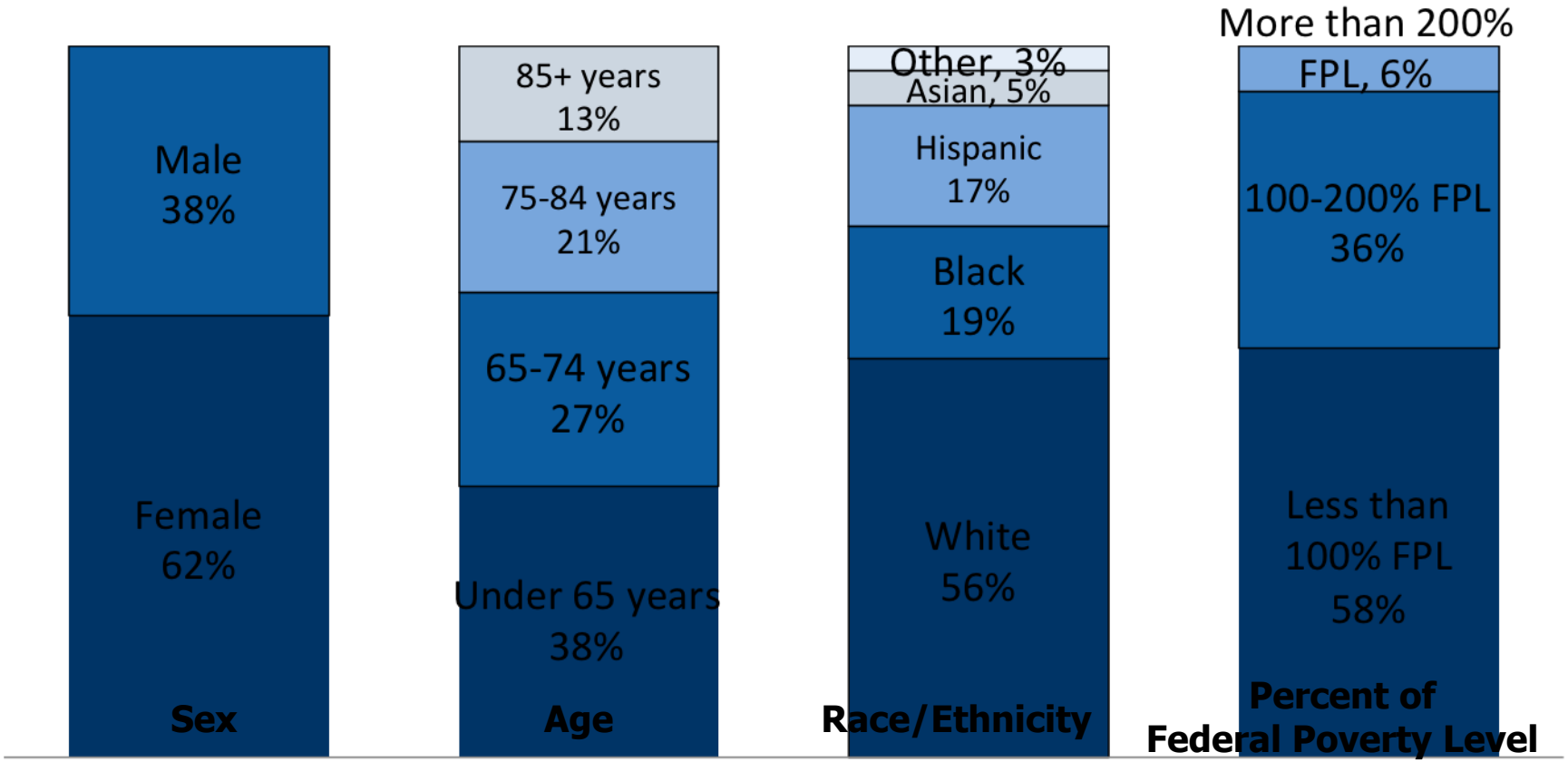
Total Medicare Beneficiaries, 2007: 43 million

Total Medicaid Beneficiaries, 2007: 58 million

Source: Kaiser Family Foundation analysis of Medicare Current Beneficiary Survey, 2007, and Urban Institute estimates based on data from the 2007 MSIS and CMS Form 64.

FIGURE 5

Demographic Characteristics of Dual Eligibles, 2006

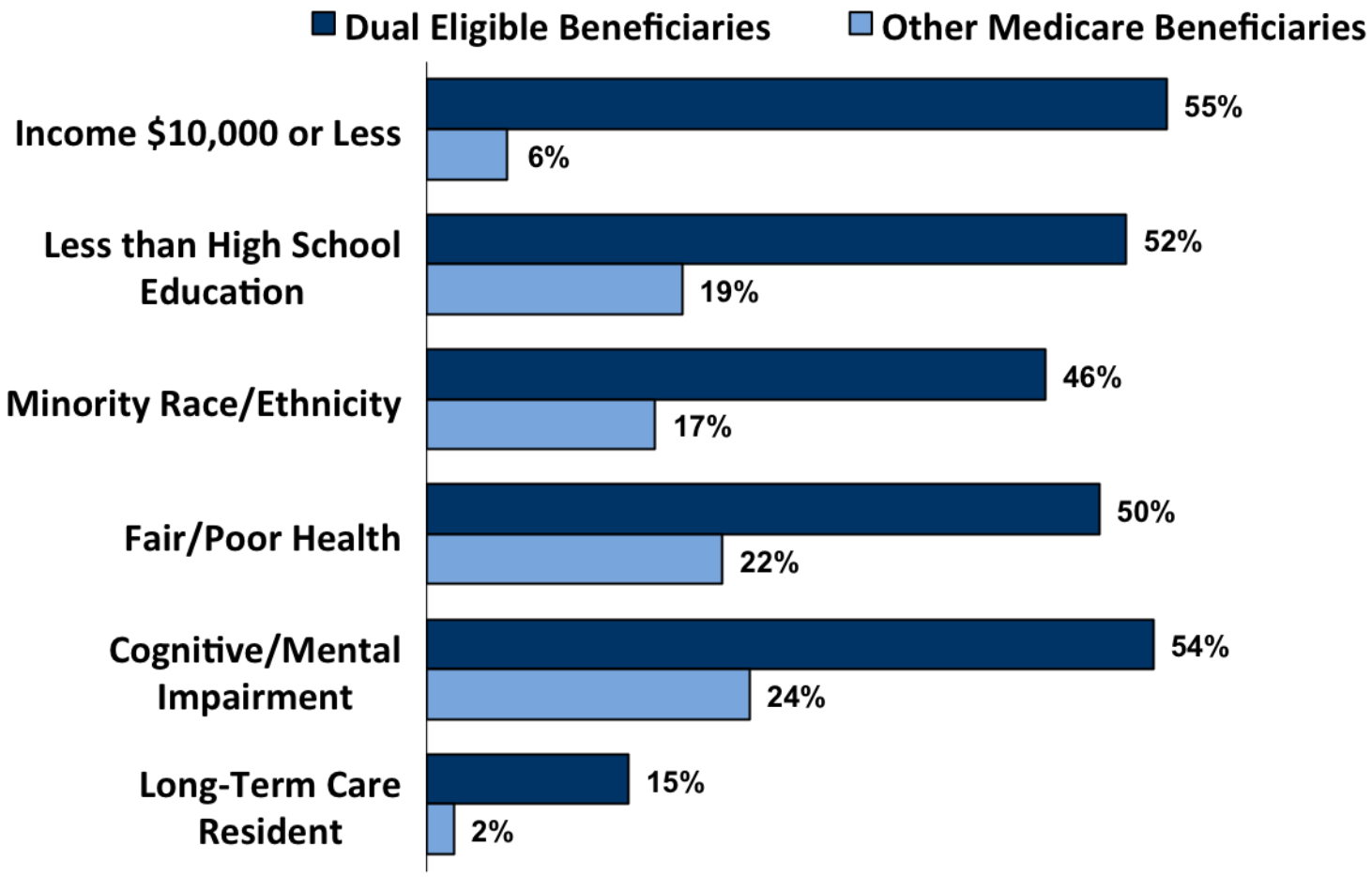


Total Dual Eligible Beneficiaries, 2006 = 9.0 Million

NOTES: Total number of dual eligibles includes beneficiaries eligible for full Medicaid benefits, along with other low-income beneficiaries eligible for assistance with Medicare premiums and cost-sharing requirements (the Medicare Savings Programs). In 2006, the federal poverty level was $9,800/individual and $13,200/couple. Numbers may not sum to total due to rounding.
SOURCE: Kaiser Family Foundation analysis of the CMS Medicare Current Beneficiary Survey Cost and Use File, 2006.

FIGURE 6

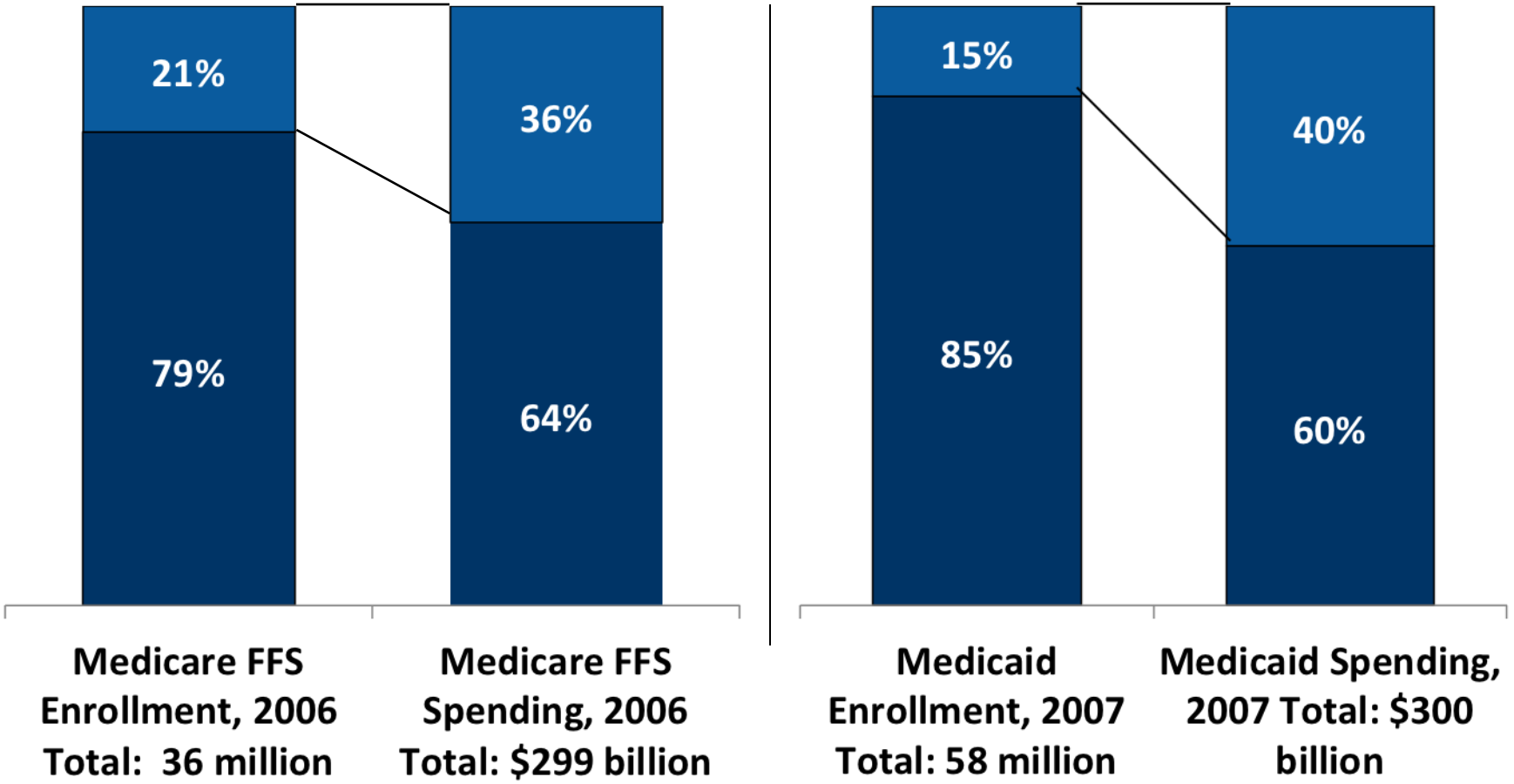
Dual Eligibles are Poorer and Sicker than Other Medicare Beneficiaries, 2008



SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey 2008 Access to Care File.

FIGURE 7

Dual Eligibles as a Percent of Medicare and Medicaid Enrollment and Spending, 2006/2007



NOTES: FFS is fee-for-service. Estimates for Medicare include non-institutionalized and institutionalized beneficiaries, excluding Medicare Advantage enrollees.

SOURCE: Medicare spending and enrollment estimates from Kaiser Family Foundation analysis of the CMS Medicare Current Beneficiary Survey Cost and Use File, 2008; Medicaid spending and enrollment estimates from Urban Institute analysis of data from MSIS and CMS Form 64, prepared for the Kaiser Commission on Medicaid and the Uninsured, 2010.

FIGURE 8

Medicare and Medicaid Provide Different Benefits Packages

- Medicare is the primary payer for duals and covers medical care such as hospital, physician, diagnostic tests, post-acute and other services and prescription drugs, as it does for other Medicare beneficiaries.

- For the 6.9 million "full duals," Medicaid provides assistance with Medicare premiums and cost-sharing and pays for services that are not covered by Medicare, such as dental, vision and other services provided at state option, and long-term care.

- For the 2.0 "partial duals," Medicaid provides assistance only with paying for Medicare premiums and cost-sharing.

FIGURE 9

Current Delivery and Financing Systems for Dual Eligibles

- Medicare coverage of medical services (parts A and B) generally provided fee-for-service, with optional managed care plans available (Medicare Advantage Plans, Special Needs Plans). Part D coverage of prescription drugs provided through private plans.

- Medicaid benefits traditionally provided fee-for-service, but increasingly provided through managed care plans.
  - Some states carve certain benefits out of managed care (e.g., behavioral health, pharmacy, long-term care services).
  - Home and community-based services (HCBS) primarily provided through waivers.
  - Significant variation across states and within states across populations and geographic service areas.

- Limited integrated benefits available through Program of All-Inclusive Care for the Elderly (PACE).

FIGURE 10

Reasons Medicare and Medicaid Do Not Always Work Well Together

- Medicare and Medicaid were established as two distinct programs, by two different pieces of legislation.
- Medicare and Medicaid have different benefits, billing systems, enrollment, eligibility, and appeals procedures, and often different provider networks.
- States have lacked financial incentives to improve coordination between the two programs because any savings generated would be realized primarily by the federally funded Medicare program, while program development and implementation costs would be borne by the states.

FIGURE 11

New Entities Related to Duals Created by the Affordable Care Act

- Federal Coordinated Health Care Office, now called the Medicare-Medicaid Coordination Office:
  - **Alignment Initiative** seeks to identify and address conflicting requirements between Medicare and Medicaid that potentially create barriers to high quality, seamless and cost-effective care for duals.
  - Making available **Medicare data** for duals to support state care coordination efforts.
  - **State demonstration projects** to integrate care for duals.
- Center for Medicare and Medicaid Innovation (CMMI) to test care delivery and financing models.

SOURCE: Kaiser Family Foundation, *Affordable Care Act Provisions Relating to the Care of Dually Eligible Medicare and Medicaid Beneficiaries* (May 2011).

FIGURE 12

State Demonstrations to Integrate Care for Dual Eligibles

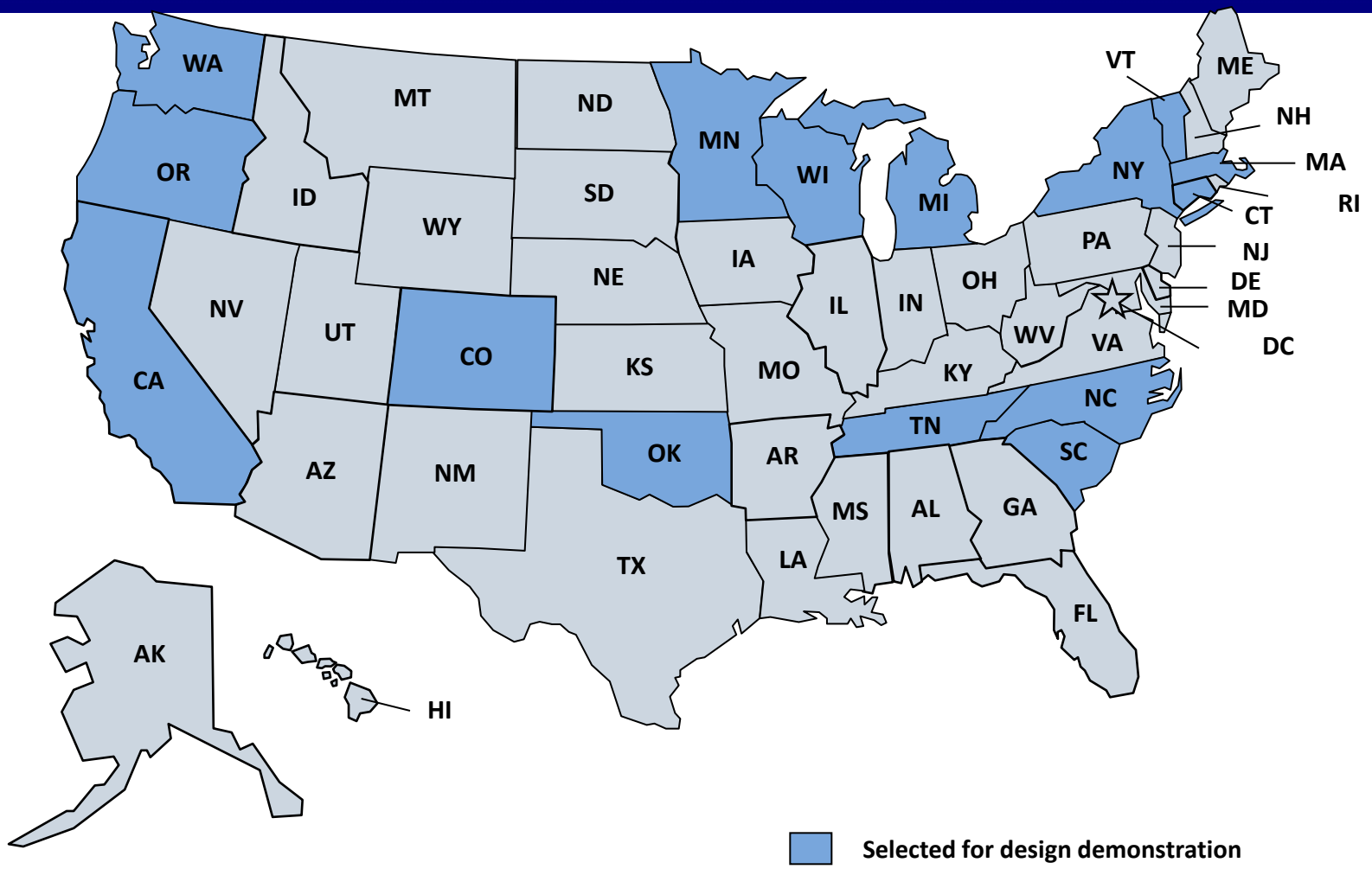
- In April 2011, CMMI awarded demonstration planning contracts of up to $1 million each to 15 states to design service delivery and payment models that integrate care for dual eligibles.

- Recipients include California, Colorado, Connecticut, Massachusetts, Michigan, Minnesota, New York, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Vermont, Washington and Wisconsin.

SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 13

States Selected for CMS Design Demonstration Contracts to Integrate Care for Dual Eligibles



SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

Design Contract Process

- States have 12 months to develop a proposal that describes how they would "structure, implement and evaluate an intervention aimed at improving the quality, coordination and cost-effectiveness of care."
  - Must describe plans to expand to other populations/service areas if model is initially less than statewide.
- CMS will then determine which states will move into the implementation phase, pending approval of the design and availability of funds.
- Implementation of selected proposals is targeted for 2012.

FIGURE 15

Proposed Service Delivery Models

- Shift from primarily fee-for-service model to various forms of managed care models, including risk-based and non-risk-based:
  - Capitated payments to risk-based private MCOs
  - County managed care plans
  - State Medicaid agency as MCO
  - Accountable Care Organizations, Integrated Care Organizations
  - Health homes
  - Primary Care Case Management

- At least 7 states propose using their integrated service delivery system for other Medicaid beneficiaries, not just duals.

SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 16

Proposed Target Population and Enrollment

- Pilot target populations are generally all duals or all full benefit duals.
- Some states focused on subpopulations (e.g., mental health needs, nursing home level of care, duals with disabilities ages 18-64).
- Some states propose passive enrollment with opt-out, some propose voluntary opt-in.

SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 17

Proposed Benefits Packages

- Benefits packages will integrate all or most services currently provided by Medicare and Medicaid, including primary, acute, specialty, behavioral health, pharmacy, institutional and home and community-based services.
  - At least 8 states will fully integrate all Medicare and Medicaid services.
  - Several states propose blending home and community-based services with acute and institutional long-term care services.

- Some states include selected carve-outs, primarily for behavioral health and/or pharmacy benefits.

- Some states are considering using the design contracts as opportunities to identify service needs particular to duals and/or to expand services to duals.

- One proposal to potentially alter Medicare cost-sharing payments.

SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 18

Proposed Financing

- Most states' initial proposals did not directly address how Medicare payments to states would be determined.
- Most states' initial proposals did not address whether they intended to share savings with Medicare, although some states are considering this option.
- Some states are planning to share savings with plans and/or providers.
- None of the initial proposals explicitly defined the level of Medicaid payments per enrollee.
- Most states propose using capitated methods to pay integrated care entities, either initially or eventually.

SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 19

Proposed Beneficiary Protections and Stakeholder Involvement

- Nearly all initial proposals did not provide detail about how beneficiary rights would be protected.
- A few states mention preserving continuity of care with duals' current providers, but no further details about safeguards to ensure adequate provider network adequacy.
- Stakeholder initiatives include focus groups, interviews, existing or newly created advisory workgroups or legislative oversight bodies, public meetings, and web-based outreach.

SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 20

Key Issues to Consider as States and CMS Proceed with Planning

- Financing –
  - How will Medicare payments to states be calculated?
  - How Medicaid and Medicare dollars will be combined (state or plan level)?
  - State plans to share savings with CMS? with managed care entities and/or providers?
  - Will states continue contributing current level of state Medicaid funds (avoid using Medicare funds to replace)?
- Enrollment –
  - Mandatory or voluntary? Opt-out?
- Who Bears Risk (state, plan, providers)?
- Networks –
  - Safeguards to ensure adequate capacity?
  - Continuity of care with current providers?
- Beneficiary Protections –
  - Which standard governs when conflict between Medicare and Medicaid rules?
- Stakeholder Involvement

SOURCE: Kaiser Commission on Medicaid and the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 21

Financial Alignment Models to Support State Efforts to Integrate Care for Duals

- July 2011 CMS "State Medicaid Director Letter contains preliminary guidance on opportunities to align Medicare and Medicaid financing for full duals that CMS would like to test:
  - Capitated integration model
  - Fee-for-service integration model

- Available to all states – letters of intent due to CMS 10/1/11.

- CMS will work with states to meet established terms and conditions and enter into MOU.

- Selected demonstrations to last no more than 3 years.

SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 22

Capitated Integration Model to be Tested

- 3-way contract between CMS, state, and health plans in which plans receive prospective blended rate for all primary, acute, behavioral health, and long-term services and supports.
- Medicare and Medicaid payment rates under this model are intended to allow CMS and state to share savings, as compared to the lower of expected fee-for-service or managed care spending for Medicare and Medicaid, respectively, for each service area.
- CMS and state to jointly select and monitor participating plans.
- Permits passive enrollment of duals with opt-out available on month-to-month basis.
- Allows states to use "simplified and unified rules" in areas such as supplemental benefits, enrollment, appeals, auditing and marketing.

SOURCE: Kaiser Commission on Medicaid & the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 23

Fee-for-service Integration Model to be Tested

- Agreement between CMS and state, in which state is responsible for duals' care coordination and delivery of fully integrated Medicare and Medicaid benefits.

- State eligible for retrospective performance payment if target level of Medicare savings, net of increased federal Medicaid costs, and specified quality thresholds are met, with final savings determinations made by CMS.

- Providers continue to be reimbursed on fee-for-service basis by CMS for Medicare services and by state for Medicaid services.

- States may be permitted flexibility to better align Medicare and Medicaid benefits and to target duals in specific geographic area.

SOURCE: Kaiser Commission on Medicaid and the Uninsured, *Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded by CMS* (Aug. 2011).

FIGURE 24

KCMU 50-State Survey of Medicaid Managed Care Programs in 2010

- Survey of state Medicaid directors in all 50 states and DC to document state Medicaid managed care policies and programs as of 10/1/10, and to collect information on likely policy directions in the near term and under health reform.

- Managed care defined to include:

  -Comprehensive managed care through contracts with risk-based managed care organizations (MCOs)

  -Primary care case management (PCCM) programs

  -Non-comprehensive prepaid health plans (PHPs)

- Half the states report some enrollment of dual eligibles in a managed care arrangement, on either a mandatory or voluntary basis.

SOURCE: KCMU/HMA Survey of Medicaid Managed Care, September 2011.

FIGURE 25

Survey Findings Regarding Medicaid Managed Long-Term Care (MLTC) and Managed Care Initiatives for Dual Eligibles

- Half the states have PACE sites with total enrollment of about 21,000.
- 11 states also reported capitated, non-PACE MLTC programs with total enrollment of over 400,000.
  - Some programs include LTC only, but others encompass acute care as well.
  - Programs generally include only Medicaid services, but programs in MA, NY, and WI also include Medicare services.
- 25 states reported enrollment of dual eligibles in some form of (non-PACE) Medicaid managed care in 2010, on a voluntary or mandatory basis.
- 21 states reported plans to expand or modify current programs, or broader efforts focused on dual eligibles, including 15 states that received grants from CMS to design approaches to better coordinating and financing care for dual eligibles.

SOURCE: KCMU/HMA Survey of Medicaid Managed Care, September 2011.

FIGURE 26

Other Affordable Care Act Provisions Affecting Duals

- Independence at home Medicare demonstration project for beneficiaries with chronic illness
- Medicaid option to provide health homes for beneficiaries with chronic conditions
- New Medicare annual wellness benefit
- Medicare and Medicaid preventative services
- Medicare Part D program changes
- Extends authority for Medicare Advantage plans for special needs individuals (SNPs)
- Medicaid Community First Choice Option
- Medicaid Home and Community-Based Services Option
- Money Follows the Person demonstration extended

SOURCE: Kaiser Family Foundation, *Affordable Care Act Provisions Relating to the Care of Dually Eligible Medicare and Medicaid Beneficiaries* (May 2011).

FIGURE 27

Resources on Duals Available from www.kff.org

- A Profile of Medicaid Managed Care Programs in 2010: Findings from a 50-State Survey (Sept. 2011), http://www.kff.org/medicaid/8220.cfm
- Proposed Models to Integrate Medicare and Medicaid Benefits for Dual Eligibles: A Look at the 15 State Design Contracts Funded By CMS (Aug. 2011), http://www.kff.org/medicaid/8215.cfm
- Medicaid's Role for Dual Eligibles (June 2011), http://www.kff.org/medicaid/8195.cfm
- A Primer on Dually Eligible Beneficiaries (June 2011), http://www.kff.org/medicaid/ahr060311video.cfm
- Affordable Care Act Provisions Relating to the Care of Dually Eligible Medicare and Medicaid Beneficiaries (May 2011), http://www.kff.org/healthreform/8192.cfm
- Dual Eligibles: Medicaid's Role for Low-Income Medicare Beneficiaries (May 2011), http://www.kff.org/medicaid/4091.cfm
- The Role of Medicare for the People Dually Eligible for Medicare and Medicaid (Jan. 2011), http://www.kff.org/medicare/8138.cfm
- Dual Eligibles: Medicaid Enrollment and Spending for Medicare Beneficiaries in 2007 (Dec. 2010), http://www.kff.org/medicaid/7846.cfm
- Chronic Disease and Co-Morbidity Among Dual Eligibles: Implications for Patterns of Medicaid and Medicare Service Use and Spending (July 2010), http://www.kff.org/medicaid/8081.cfm

FIGURE 28

Resources on Duals Available from Kaiser's www.statehealthfacts.org (slide 1 of 2)

- **Enrollment:**
  - Dual eligible enrollment – number of full, partial, and all duals by state
  - Duals as a %of total Medicare enrollees by state
  - Duals as a %of total Medicaid enrollees and as a %of aged/disabled Medicaid enrollees by state
  - Aged duals as a % of all aged Medicaid enrollees and disabled duals as a % of all disabled Medicaid enrollees by state
  - Total full-year equivalent dual eligible enrollment by state
  - Income eligibility for partial duals (QMB, SLMB, Q1) by state
  - Medicare beneficiaries below 150% FPL by state

- **Spending:**
  - Duals share of Medicaid spending by state
  - State spending on services for duals – Medicare premiums, Medicare-covered acute, other acute care, Rx drugs, long-term care, total spending – by state
  - Distribution of Medicaid spending for duals by service –for Medicare premiums, Medicare-covered acute, other acute care, Rx drugs, and long-term care for duals as % of total Medicaid spending on duals
  - Annual Medicaid spending per dual eligible – for full, partial and all duals by state
  - Duals spending as % of Medicaid spending by state

FIGURE 29

Resources on Duals Available from Kaiser's www.statehealthfacts.org (slide 2 of 2)

- **Rx drugs:**
  - Dual eligible Rx drug spending – total dollars spent on Rx drugs for dual eligibles and total state Medicaid dollars spent on Rx drugs per dual
  - Spending on Rx drugs as % of total state Medicaid spending on duals by state
  - Total FFS dual eligible drug payments by state
  - Total state savings to date on contributions for Rx drug costs for duals due to FMAP increase in AARA, by state
  - Coverage of Part D excluded drugs by state

- **Managed care:**
  - Total dual eligible enrollment in Medicaid managed care by plan type by state
  - Special Needs Plans offerings – number of duals SNPs by state

- **Duals demonstration funding**: states awarded design contracts