
Medicaid and Managed Long-Term Care

Context, Authorities and Next Steps

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The logo graphic consists of a thick yellow horizontal line that is crossed by a yellow diagonal line extending from the bottom left towards the top right.

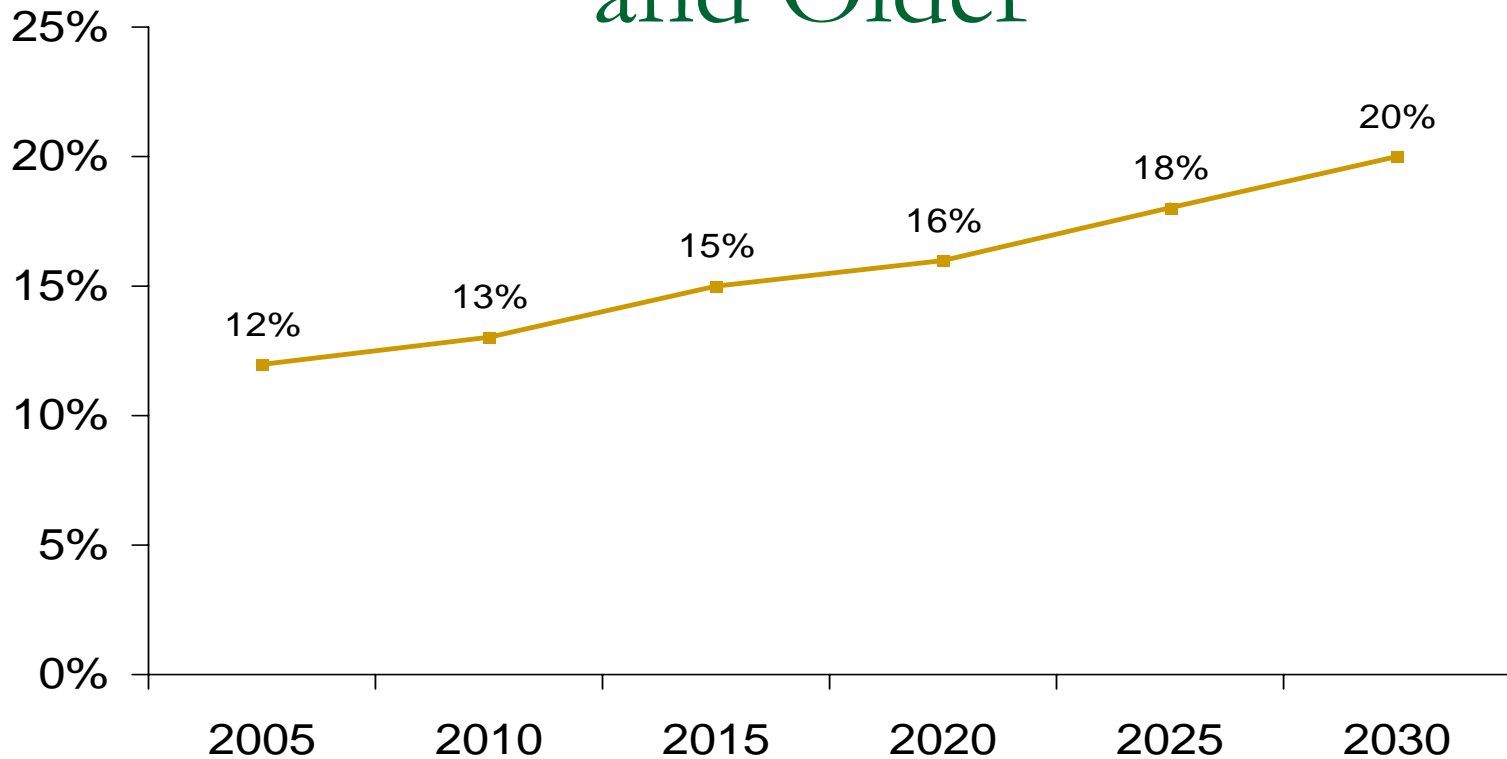
Context

- Tight State Budgets
- Increasing per person Medicaid costs
- Increasing percentage of population over age 65
- Increasing life expectancies

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Proportion of U.S. Residents Age 65 and Older

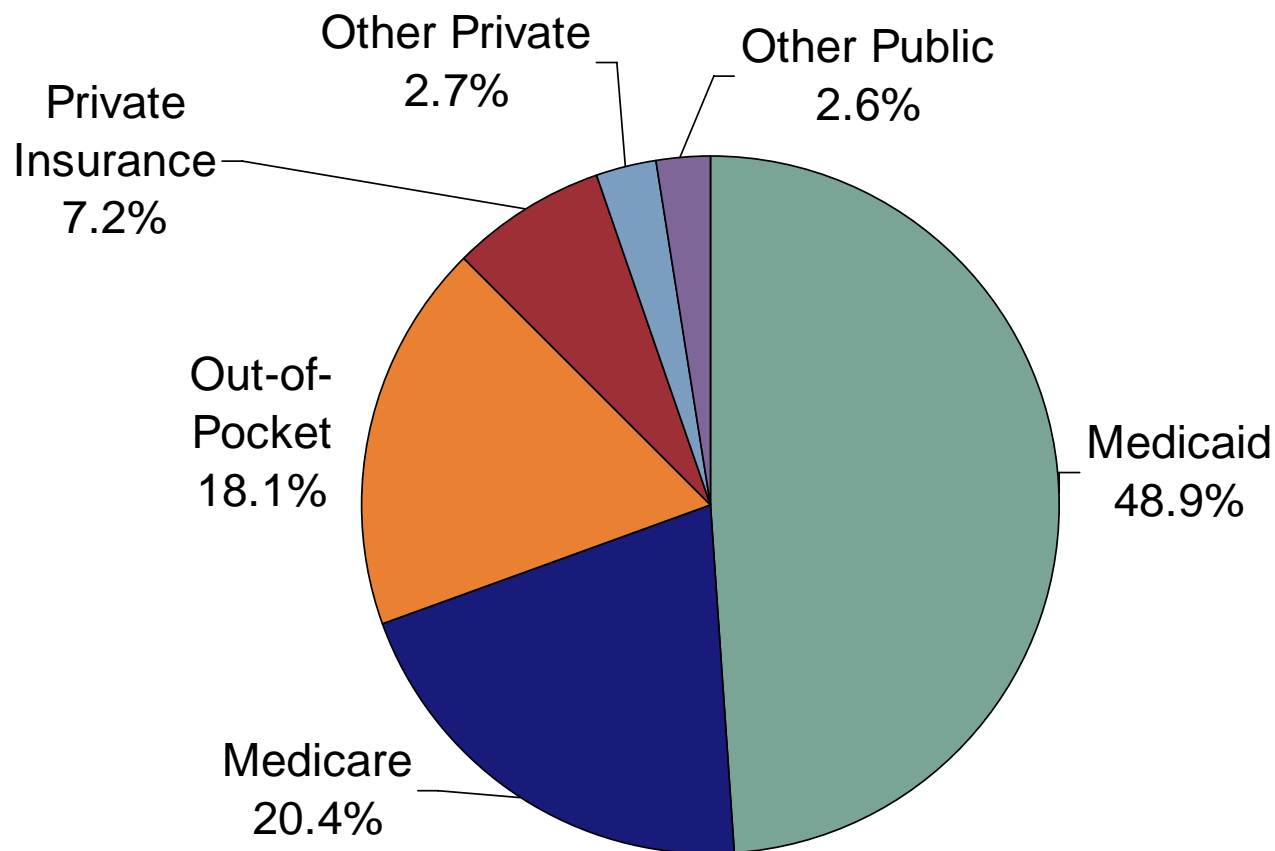


Source: U.S. Census Bureau, Current Population Estimates and Population Projections

Source: Thomson Healthcare; Steve Eiken, Brian Burwell, Kate Sredl, and Amanda Stubbs

May 1, 2008

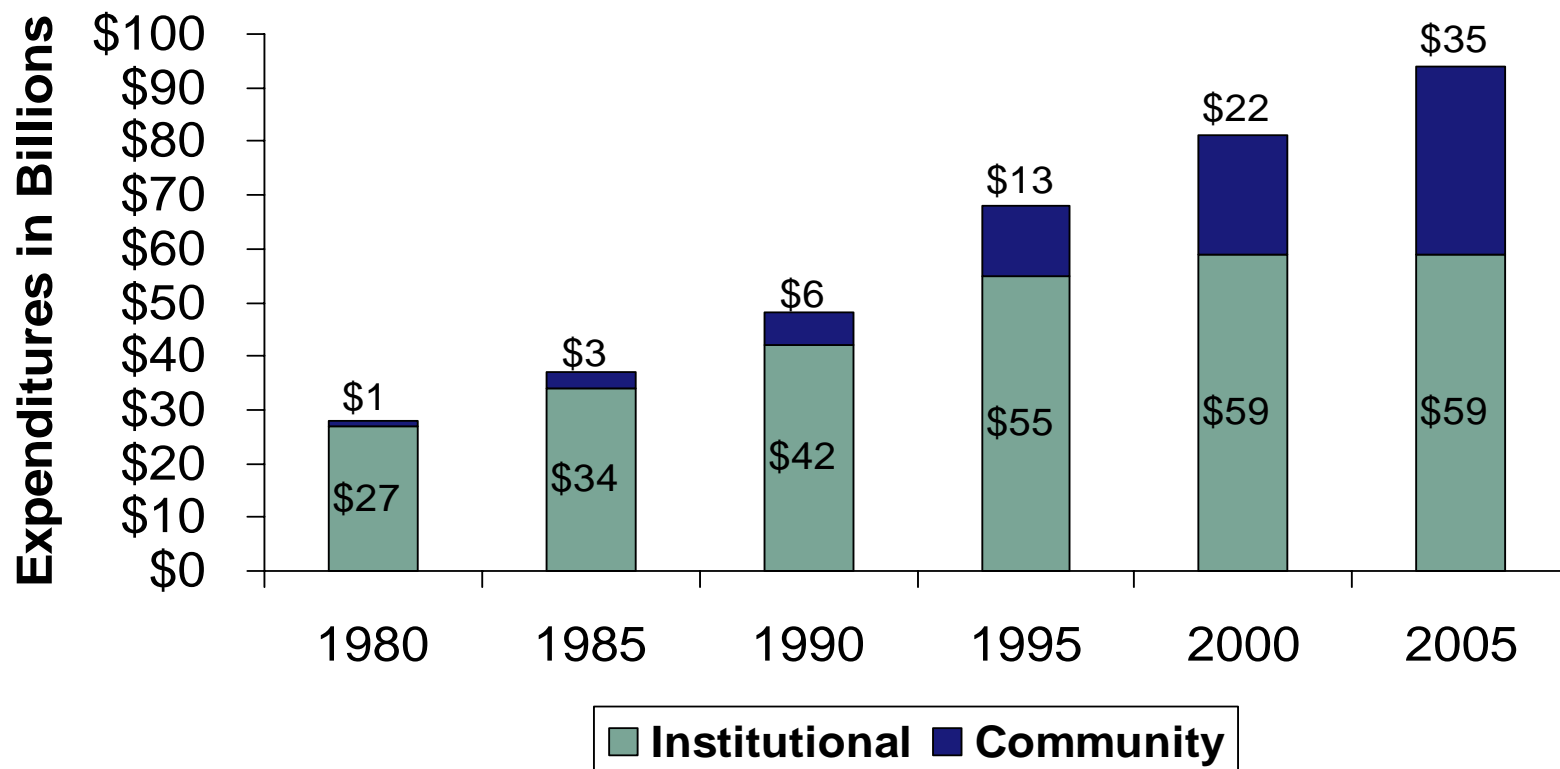
LTC Expenditures by Payer: United States, 2005



Source: Georgetown University Long-Term Care Financing Project

Source: Thomson Healthcare; "LTC Chartbook" Steve Eiken, Brian Burwell, Kate Sredl, and Amanda Stubbs May 1, 2008

Medicaid Institutional and Community-Based Expenditures in 2005 Dollars: FFY 1980-2005



Source: CMS Form 64 Reports, adjusted for price increases based on the Skilled Nursing Facility Input Price Index.

Source: Thomson Healthcare; "LTC Chartbook" Steve Eiken, Brian Burwell, Kate Sredl, and Amanda Stubbs May 1, 2008

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Increased Interest in Managed Long-Term Care

- States pursue managed long-term care for a number of reasons:
 - Budget predictability
 - Coordinated, accountable care options
 - Quality
- Managed long-term care models strive to achieve a coordinated approach to serving a vulnerable population.

Managed Long-Term Care: Early Assessments

“ Studies of managed long-term care programs have been largely positive, finding high consumer satisfaction levels, lower utilization of institutional services and increased access to home- and community-based services. Cost studies have been more mixed, with no clear consensus emerging as to whether managed long-term care saves money for public purchasers. Savings notwithstanding, the budget predictability that comes with capitated payments is appealing to state policymakers as growing numbers of long-term care consumers place increasing pressure on Medicaid budgets.”

US Dept. of HHS; ASPE; Saucier, Burwell, Gerst; “The Past, Present and Future of Managed Long-Term Care. April 2005

Vehicles for Medicaid Managed Long-Term Care

- Section 1915(b)/1915(c) Waivers
 - 1915(b) Waivers
 - 1915(b)(1) – mandates managed care
 - 1915(b)(2) – utilize a central broker
 - 1915(b)(3) – use cost savings to provide additional services
 - 1915(b)(4) – limits number of providers for services
 - 1915(c) Waiver
 - Allows Waiver of:
 - Comparability
 - Statewideness
 - Income and Resources for the Medically Needy

Vehicles for Medicaid Managed Long-Term Care, Continued

1915(b)/1915(c) Side by Side

■ 1915(b)

- Managed Care
- Title XIX Eligibility
- State Plan Services
- Cost Effective
- Initial - 2 Years
- Renewal - 2 Years
- CMS 64

■ 1915(c)

- HCBS
- NF/ICF/MR LOC
- Alternative Services
- Cost Neutral
- Initial - 3 Years
- Renewal - 5 Years
- HCFA 372

Vehicles for Medicaid Managed Long-Term Care, Continued

- Section 1932(a) State Plan/1915(c) Waiver Concurrent Authority
- Section 1115 Research and Demonstration Projects
 - Arizona, Vermont and Hawaii

Vehicles for Medicaid Managed Long-Term Care, Continued

■ Section 1915(a)

- ❑ Provision of the Social Security Act that allows for voluntary managed care, including pre-payment and capitation;
- ❑ May be limited geographically;
- ❑ Does not provide for a limitation of provider;
- ❑ For LTC, this authority may be coupled with a 1915(c) waiver
- ❑ All applicable managed care rules (42 CFR 438) will apply (i.e., for PAHP, PIHP and MCO)

Challenges and Next Steps for CMS

- Identification and removal of barriers to managed long-term care while:
 - Ensuring quality for Individuals
 - Ensuring financial accountability
 - Assisting States to Identify Positive Incentives